

KENYA DEPOSIT INSURANCE CORPORATION
ANNUAL REPORT
2015/2016

VISION

To be a best-practice deposit insurance scheme

MISSION

We promote and contribute to public confidence in the stability of the nation's financial system by providing a sound safety net for depositors of member institutions.

STRATEGIC OBJECTIVES

- Promote an effective and efficient deposit insurance scheme
- Enhance operational efficiency
- Promote best practice

STRATEGIC PILLARS

- Strong supervision and regulation
- Public confidence
- Prompt problem resolution
- Public awareness
- Effective coordination

OUR CORPORATE VALUES

- Integrity
- Professionalism
- Team work
- Transparency and accountability
- Rule of Law

CORPORATE INFORMATION

Kenya Deposit Insurance Corporation
CBK Pension House
Harambee Avenue
P.O Box 45983-00100
Nairobi Kenya

TEL +254-02-6677000, 0709043000

Email: kdiccommunications@depositinsurance.go.ke

Website: www.depositinsurance.go.ke

BANKERS

Central Bank of Kenya
Haile Selassie Avenue
PO Box 60000 - 00200
Nairobi

AUDITORS

Deloitte & Touche
Deloitte Place
Waiyaki Way
PO Box 40092 - 00100
Nairobi

On behalf of:
The Auditor-General
Kenya National Audit Office
Anniversary Towers
University Way
PO Box 30084 - 00100
Nairobi GPO

CONTENTS

Chairman’s Foreword.....	6
Utangulizi wa Kaimu Mwenyekiti	8
Board of Directors	10
Senior Management	11
Message from the Acting Chief Executive Officer	12
Taarifa Kutoka kwa Kaimu Mkurugenzi Mkuu	14
The Year Under Review: Performance of the Economy	16
Banking Sector Performance and Developments During the Year Ended 30 th June 2016.....	18
Deposit Insurance Activities	22
Report of the Auditor General	29
Directors and Statutory Information.....	30
Principal Place of Business.....	31
Report of the Directors.....	32
Statement of Directors’ Responsibilities	33
Statement of Corporate Governance	34
Report of the independent Auditors.....	37
Statement of Profit or Loss and Other Comprehensive Income	38
Statement of Financial Position	39
Statement of Changes in Fund Balance	40
Statement of Cash Flows	43
Notes to the Financial Statements	44
Corporate Social Responsibility	69
Appendix I: Commercial Banks and Other Financial Institutions Assessed Contributors for the Year Ended 30th June 2016	71
Appendix II: Commercial Banks and Other Financial Institutions Assessed Contributors for the Year Ended 30th June 2016.....	72
Appendix III: Banking Institutions Directors and Approved Auditors.....	73

CHAIRMAN'S FOREWORD

STATEMENT FROM THE CHAIRMAN OF BOARD



Dr. Julius K. Kipng'etich

It is indeed with great honour that I present the Annual Report of the Kenya Deposit Insurance Corporation (KDIC) for the financial year ending June 2016, on behalf of the Board of Directors, Management and Staff of the Corporation.

During the period under review, the Corporation's Fund registered record growth of 18.9% to close the year at Kes 65.2bn up from Kes 54.9bn recorded in the previous year ending 30th June, 2015. This growth was attributed to a net surplus of Kes 10.4bn registered during the year. The favourable net surplus reported during the year is attributed to the growth of deposits in the banking sector from which the Corporation derives its assessment income as well as prudent investment and management of the Corporation's Fund.

The Kenyan banking sector underwent some of the most enormous challenges ever witnessed within the banking sector in recent

history. Three commercial banks, Dubai Bank Limited, Imperial Bank Limited and Chase Bank Limited were placed under receivership and KDIC appointed as the Receiver. Dubai Bank Limited was subsequently placed under liquidation and KDIC was appointed the Liquidator by the Central Bank of Kenya while Imperial Bank Limited and Chase Bank Limited are still under receivership. KDIC and Central Bank of Kenya are pursuing strategies of reviving the two institutions.

Despite challenges facing the banking industry during the year, the sector exhibited some resilience and managed to register modest growth. Overall, banking sector balance sheet grew by 2.1% from KShs.3.60 trillion in June 2015, to Kes 3.68 trillion in June 2016. As at 30th June 2016 total deposits with member institutions amounted to Kes 2.63trillion compared to Kes 2.58trillion in 2015, an increase of 1.7% while total protected deposits amounted to KShs.252.5 billion. The number of deposit accounts in the sector was 40,775,813

while the number of fully protected accounts was 39,443,101, representing 96.7% of the total number of accounts in the sector. During the first six month period ending 30th June, 2016, the banking sector recorded a pre-tax profit of Kes 78.5bn compared to Kes 76.9bn recorded in the six months period ending 30th June 2015, which translates to a growth of 2.1%.

Going forward the banking sector needs to rethink their strategies in order to generate adequate profit to sustain their business, as the bill capping interest rate was signed into law and became effective starting 14th September, 2016. The new law limits the minimum interest payable to interest-bearing deposits to not less than 70% of the Central Bank Rate and interest charged on loans to not more than 4% above the Central Bank Rate.

As per the last Monetary Policy Committee (MPC) meeting, the Central Bank Rate (CBR) was retained at 10.5% in order to anchor inflation expectation and maintain market stability. Overall 12-month inflation rate was 5.8% as at June 2016, which was within the National Treasury Target of 5% \pm 2.5%. Foreign exchange market remained fairly stable, reflecting a narrower current account deficit due to lower import bill, improved tea and horticulture exports and strong diaspora remittances. The performance of the economy improved at the start of the year 2016 posting a growth of 5.9% in the first quarter of 2016, compared to 5% for the same period in 2015. Positive growth rates were registered across all sectors of the economy.

The Corporation completed the first performance contract where all targets set by the National Treasury were duly achieved. The performance contract shall guide the operations of the corporation in achieving the goals set under the Vision 2030 framework.

Going forward, the Corporation will remain focused on strategies that will enable it to

achieve its core mandate. The Corporation's priority areas will include:

- i. Provision of incentives for sound Risk Management framework
- ii. Effective communication and public awareness activities
- iii. Strengthening the insurance fund target value
- iv. Enhancing the scope of coverage
- v. Pursuing an appropriate insurance premium structure
- vi. Completion of the implementation of the ICT infrastructure
- vii. Enhancement of cooperation with the other safety net players
- viii. Alignment of the Corporation's operations to international best practice

To this end, KDIC will continue to closely work with the International Association of Deposit Insurers (IADI) by actively participating in the associations activities. KDIC will also continue to improve on the competency of its human resource through effective training, coaching and mentoring.

I wish to express my sincere gratitude to my fellow members of the Board of Directors who have worked tirelessly to ensure smooth transition of the Corporation. I would also like to recognize the great effort of the Ag. Chief Executive Officer, the Management team and staff whose efforts contributed to the growth of the Corporation's Fund in the year under review. I also wish to thank the National Treasury, Central Bank of Kenya, and other stakeholders for their continued support in ensuring we attain our objective of fostering financial stability.

Dr. Julius K. Kipng'etich
Acting Chairman
Kenya Deposit Insurance Corporation

UTANGULIZI WA KAIMU MWENYEKITI

UJUMBE KUTOKA KWA KAIMU MWENYEKITI



Dkt Julius K. Kipng'etich

Kwa niaba ya Bodi ya Wakurugenzi, Usimamizi na wafanyakazi wa Shirika la KDIC ni heshima kuu kwangu mimi kuwatoleeni Ripoti ya kila mwaka ya Shirika la Bima ya Arbuni nchini Kenya (KDIC). Ripoti hii ni ya mwaka wa kifedha uliokomea mwezi Juni mwaka wa 2016.

Katika kipindi chini ya ukaguzi, Hazina ya Shirika la KDIC iliimarika kutoka Shilingi bilioni 54.9 iliyoandikishwa tarehe 30 Juni 2015 hadi Shilingi bilioni 65.2 mwaka wa 2016. Hili ni ongezeko la asilimia 18.9 lililosababishwa na kuwepo kwa jazi la Shilingi billion 10.4 mwaka wa 2016. Jazi hili lilitokana na ongezeko la arbuni katika sekta ya benki ambako Shirika la KDIC hupata pato lake, uwekezaji bora pamoja na usimamizi mwema wa Hazina ya shirika la KDIC.

Sekta ya Benki nchini Kenya ilishuhudia changamoto kuu zaidi katika historia yake. Benki tatu, Dubai, Imperial na Chase ziliwekwa

chini ya rasimu huku Shirika la KDIC likiteuliwa kuwa mrassimu wa taasisi zote hizi. Benki ya Dubai hatimaye ilifungwa na rasilimali zake kuuzwa na Shirika la KDIC lililoteuliwa na Benki Kuu ya Kenya kutekelza shuguli hiyo. Benki za Imperial na Chase zingali chini ya urasimu huku Benki Kuu ya Kenya ikishirikiana pamoja na Shirika la KDIC zinachunguza mikakati ya kufufua taasisi hizi mbili.

Licha ya changamoto zinazoikumba sekta ya benki, sekta hii ilizidi kuimarika. Kwa jumla, sekta hii iliandikisha ongezeko la asilimia 2.1 kutoka Shilingi trilioni 3.6 kama salio za akaunti mwezi Juni 2015 hadi Shilingi trilioni 3.68 mwezi Juni 2016. Kufikia tarehe 30 Juni 2016, jumla ya arbuni katika taasisi wanachama ziliongezeko kwa asilimia 1.7 kutoka Shilingi trilioni 2.63 mwaka wa 2015 hadi Shilingi trilioni 2.58 mwaka wa 2016. Jumla ya arbuni chini ya ulinzi zilikuwa Shilingi bilioni 252.5. Idadi ya akaunti za arbuni katika sekta ya benki

zilikwa 39,443,101 ambayo ni asilimia 96.7 ya jumla ya akaunti katika sekta ya benki. Katika kipindi cha kwanza cha miezi sita kufikia tarehe 30 Juni 2016, sekta ya benki iliandikisha faida kabla ya ushuru ya Shilingi bilioni 78.5 ikilinganishwa na Shilingi bilioni 76.9 kipindi sawia mwaka wa 2015. Faida hii ikiwa ongezeko la asilimia 2.1. Sekta ya benki haina budi kuwazia upya mbinu mbadala ili kuzalisha kiwango cha faida kitakachoiwezesha kuendesha biashara zake, hasa baada ya mswada unaonua kuweka mipaka ya riba inayotozwa kupitishwa na kuwa sharia kuanzia tarehe 14 Septemba 2016. Sheria hii mpya inaelekeza riba itakayolipwa kwa arbuni isiwe chini ya asilimia 70 ya Riba ya Benki Kuu ya Kenya huku riba inayotozwa mikopo isisizi asilimia 4 ya Riba ya Benki Kuu. Mkutano wa mwisho wa Kamati ya Sera Za Kifedha (Monetary Policy Committee - MPC) ulihifadhi kiwango cha Riba ya Benki Kuu ya Kenya kuwa asilimia 10.5 ili kuthibiti matarajio ya mfumuko wa bei katika uchumi pamoja na uchumi kwa ujumla. Kufikia Juni 2016, mfumuko wa bei wa kipindi cha miezi kumi na mbili ilikuwa asilimia 5.8 ambayo ilikuwa ndaani ya malengo ya Hazina Kuu ya Kitaifa ya asilimia 5 ± 2.5 . Soko la hisa lilisalia kuwa thabiti, ashirio kuwa vipimo vya biashara nchini ulikuwa mdogo. Hii ilisababishwa na uchache wa maduhuli, ongezeko la mauzo ya nje ya chai na maua pamoja na kuzidi kwa viwango vya hamisho za kifedha kutoka nchi za kigeni. Uchumi ulizidi kunawiri mwanzo wa mwaka wa 2016 huku ukiandikisha imariko la asilimia 5.9 katika robo ya kwanza ya mwaka, ikilinganishwa na asilimia 5 iliyoandikishwa katika sawia mwaka wa 2015. Sekta zote za kiuchumi zilizidi kuiimarika.

Shirika la KDIC lilikamilisha kandarasi za kwanza za utendakazi ambapo malengo yaliyowekwa na Hazina Kuu la Kitaifa yalitimizwa. Kandarasi hizi za utendakazi zitaongoza shuguli za shirika ili kutimiza malengo yaliyotengwa katika ruwaza ya Kenya 2030.

Shirika litaendelea kuzingatia makakati itakayoiwezesha kutimiza malengo yake kuu.

Shirika litalenga kulipa marupurupu kwa mfumo bora wa Usimamizi wa Hatari, mawasiliano na shuguli za fanifu za kuhamasisha uma, kuimarisha thamana lengwa ya hazina ya bima, kupanua upeo wa Shirika, kuunda mfumo mwafaka wa malipo ya bima, kukamilisha utekelezaji wa muundo msingi wa TEHAMA (Teknolojia ya Habari na Mawasiliano), kuboresha ushirikiano na wadau wengine na kuambatinisha shuguli za Shirika na zile za kimatifa. Shirika la KDIC litazidi kushirikiana na Shirikisho la Kimataifa la Walinzi wa Arbuni (**International Association of Deposit Insurers - IADI**) na kushiriki katika shuguli zake. Shirika pia litazidi kuboresha uwezo wa wafanyakazi kupitia mafunzo fanifu, ukufunzi na uongozi.

Kwa hiyo ningependa kutoa shukurani zangu kwa wanachama wenzangu wa Bodi ya Wakurugenzi ambao wamajitahidi ni kuhakikisha ukiuaji wa Shirika. Ningependa pia kutambua juhudi za Kaimu Mkurugenzi Mkuu, timu ya usimamizi na wafanyakazi. Juhudi zao zimechangia kuimarika kwa Hazina ya Shirika la KDIC katika mwaka chini ya uchunguzi. Ningependa pia kushukuru Hazina Kuu ya Kitaifa, Benki Kuu ya Kenya na wadau wote kwa usaidizi kuhakikisha kuwa tunatekeleza lengo letu la kueneza ustawi wa kifedha.

Dkt Julius Kipng'etich
Kaimu Mwenyekiti
Shirika La Bima Ya Arbuni Nchini Kenya

BOARD OF DIRECTORS



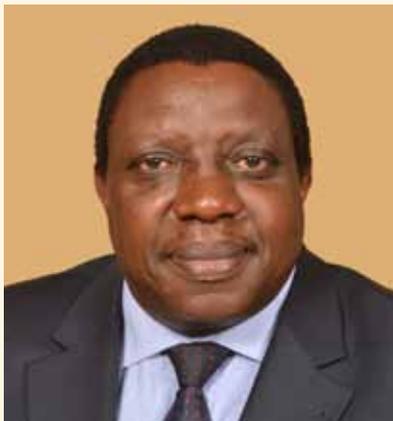
Standing from Left: Mohamud A Mohamud, Jeremy Ngunze, Nasim Devji, Martin S.O. Gumo, Jane K. Ikunyua, Samuel N. Kimani

Seated: Prof Githu Muigai, Dr Julius K Kipngetch, and Dr Patrick Njoroge

SENIOR MANAGEMENT



Mohamud A. Mohamud
Ag CEO



Stephen M. Thuo
Assistant Director-Finance and
Administration



Jane K. Ikunyua
Board Secretary



Walter Onyino
Assistant Director-ICT



Jane Kamita
Ag Assistant Director, Resolutions



Edith Kagasi
Manager, Internal Audit

MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER



Mohamud A. Mohamud
Ag CEO

It is an honour for me to present the second Kenya Deposit Insurance Corporation (KDIC) Annual Report and the Financial Statements for the financial year ended June 30, 2016. The economy maintained the higher growth trajectory during the year with an upward overall growth rate from 5.3% in 2014/2015 to 5.6% in 2015/2016. This growth was supported by strong fundamental indicators. The 12 months inflation declined from 6.63% in 2014/2015 to 6.47% in 2015/2016. Other sectors namely: manufacturing, tourism, real estate, and agriculture all registered economic growth rates during the year 2015/2016.

During the period under review, the Corporation's Fund registered a record growth of 18.9% to close the year at Kes 65.2bn up from Kes 54.9bn recorded in the previous year ending 30th June, 2015. Net surplus earned by the Corporation during the period under review increased by 24.5% from a level of Kes 8.3bn in 2015 to Kes 10.4bn in 2016. The growth in the Corporation's net surplus was attributed to increase in average deposits in the banking sector from Kes 2.02 trillion in 2015 to Kes

2.4 trillion in 2016. This impacted positively on the Corporation's assessment income which increased by 18.8% from Kes 3.03bn in 2015 to Kes 3.6bn in 2016.

Investment income from government securities also contributed significantly into boosting net surplus of the corporation during the year under review. During the year ending 30th June 2016, the Corporation earned Kes 7.1bn in investment income compared to Kes 5.5bn earned in the previous year. Corporation's operating expenses increased by Kes155m from Kes 280m in 2015 to Kes 435m in 2016. The increment mainly arose from deposit payoffs of Kes 120m relating to insured deposits paid to depositors of Dubai Bank Limited.

The year 2015/2016 witnessed receivership of three banks, namely: Dubai Bank, Imperial Bank and Chase Bank. KDIC was for the first time appointed receiver of the said institutions in accordance with the Kenya Deposit Insurance Act. The National Treasury and the Central Bank worked tirelessly to restore market confidence and the stability of the industry.

Dubai Bank was put under receivership on 14th of August, 2015 due to liquidity and corporate governance related issues and KDIC appointed receivers. On 24th August, 2015, Dubai Bank was placed in liquidation and KDIC appointed the liquidator by Central Bank of Kenya.

On 13th of October 2015, Imperial Bank was placed under receivership due to unsound and unsafe banking practices perpetrated in the bank.

KDIC worked very closely with the other stakeholders and various professional consultants to ensure protection of depositor confidence and stability in the sector. Within a very short period, more than 80% of the depositors, through Kenya Commercial Bank and Diamond Trust Bank had been allowed

access to their funds while the institution was still in receivership.

On 7th April, 2016, Chase Bank was put under receivership following adverse publicity that triggered a massive run on the bank. KDIC again worked together with other stakeholders to resolve the problem, leading to re-opening of the bank on 27th April 2016, under the management of Kenya Commercial Bank.

An amicable arrangement was quickly arrived at which allowed the depositors to access part of their funds. Limited banking transactions continued. Remarkable success was noted leading to significant drop in withdrawals by up to 90%. Under management of Kenya Commercial Bank, more than two thousand new accounts had been opened and all payment channels activated by the end of June, 2016.

KDIC is working tirelessly to resolve the two banks under receivership to ensure market stability. The approach KDIC took on these two institutions was unprecedented and never seen before, it was indeed a landmark success.

As part of capacity building initiatives, KDIC trained virtually all its staff within the current financial year and has undertaken initiatives to ensure participation in the international forum of deposit insurance.

The corporation has also invested in Local and Wide Area Networks and enhanced automation of its operations. In line with this, we have procured a modern Enterprise Resource Planning (ERP) solution, that integrates our functions and is in the last phase of implementation. The Corporation has put in place appropriate framework, policies and procedures to drive it's newly expanded mandate as a risk minimizer. KDIC has set to work closely with the industry to enhance risk management framework with a view to resolving and mitigating bank failures.

In accordance with the Corporation's strategic

mission of being the best deposit insurance corporation in the world, the corporation has set itself to continue collaborating closely with the International Association for Deposit Insurers (IADI) and others with a view of benchmarking with the highest international standards.

KDIC is currently working on the review of the Target Fund Base. This is to ensure that the Corporation is adequately prepared at all times to secure depositors in the likelihood of any losses. The Corporation is also reviewing its level of coverage in order to address the plight of depositors. This change will impact positively in the Kenyan banking sector by improving the level of savings through raised savers confidence.

KDIC is also in the process of implementing a Differential Risk Premium Model that will align all premium levies to the risk profile of each institution. The system is expected to introduce more equity in the banking sector and thereby enhance sound banking practices by encouraging better risk management systems, while at the same time discouraging risky business practices in the industry.

We are also very grateful to the role played by the National Treasury in ensuring smooth operation of the Corporation. We appreciate the role played by Central Bank of Kenya as a regulator and for availing staff and facilities to the Corporation.-

In closing, I would like to extend my sincere gratitude and appreciation to the Acting Chairman, members of the Board, management and the entire staff of the Corporation for their guidance, continued support and persistent effort to improve KDIC. May God Almighty guide us to serve our beloved country as we continue to ensure a stable financial system.

Mohamud Ahmed Mohamud
Acting C.E.O.
Kenya Deposit Insurance Corporation

TAARIFA KUTOKA KWA KAIMU MKURUGENZI MKUU



Mohamud A. Mohamud
Kaimu Mkurugenzi Mkuu

Kwa heshima kuu, ningependa kuwatoleeni kwa mara ya pili, Ripoti ya kila mwaka ya Shirika la Bima ya Arbuni nchini Kenya (KDIC) pamoja na taarifa za kifedha za mwaka wa kifedha uliokomea tarehe 30 mwezi Juni 2016.

Uchumi ulizidi kuimarika kutoka asilimia 5.3 mwaka wa 2014/2015 hadi asilimia 5.6 mwaka wa 2015/2016. Mfumuko wa bei, katika muda wa miezi kumi na mbili iliyopita, ulishuka kutoka asilimia 6.63 mwaka wa 2014/2015 hadi asilimia 6.47 mwaka wa 2015/2016. Sekta zingine kama vile viwanda na utengenezaji, utalii, mali isiyohamishika na ukulima ziliimarika kiuchumi mwaka wa 2015/2016.

Mwaka wa 2015/2016, Hazina ya Shirika iliimarika kwa asilimia 18.9, kutoka Shilingi bilioni 54.9 mwaka uliokomea Juni 30, 2015, hadi Shilingi bilioni 65.2 mwaka huu. Jazi la pato ya Shirika, katika kipindi kinachokaguliwa, liliimarika kwa asilimia 24.5 kutoka Shilingi bilioni 8.3 mwaka wa 2015 hadi Shilingi bilioni 10.4 mwaka wa 2016. Imariko la mapato ya Shirika lilitokana na ongezeko la arbuni katika sekta ya benki kutoka Shilingi trilioni 2.02

mwaka wa 2015 hadi Shilingi trilioni 2.4 mwaka wa 2016. Ongezeko hili liliathiri mapato ya Shirika ambayo yaliimarika kwa asilimia 18.8 kutoka Shilingi bilioni 3.03 mwaka wa 2015 hadi Shilingi bilioni 3.6 mwaka wa 2016.

Mapato ya uwekezaji katika dhamana za kiserikali pia yalichangia pakubwa katika kuimarika kwa jazi ya shirika katika kipindi kinachokaguliwa. Pato la uwekezaji liliongezeka kutoka Shilingi bilioni 5.5 mwaka uliopita hadi Shilingi bilioni 7.1 mwaka huu. Gharama ya uendeshaji wa shuguli za Shirika iliongezeka kwa Shilingi milioni 155 kutoka Shilingi milioni 280 mwaka wa 2015 hadi Shilingi milioni 435 mwaka wa 2016. Ongezeko hili lilitokana na malipizi ya arbuni kwa wateja wa Benki ya Dubai.

Mwaka wa 2015/2016 ulishuhudia rasimu za benki tatu: Benki ya Dubai, Imperial na Chase. Kwa mara ya kwanza, Shirika la KDIC liliasisiwa kuwa mrasimu wa taasisi hizi kwa mujibu wa sheria ya KDIC. Hazina Kuu ya Kitaifa pamoja na Benki Kuu ya Kenya zimejizatiti kuridisha imani ya wadau pamoja na ustawi wa sekta hii.

Benki ya Dubai iliwekwa chini ya urasimu kutokana na kupungua kwa uwezo wake kuendesha shuguli zake pamoja na shida za usimamizi. Tarehe 24 Agosti, 2015, Benki ya Dubai iliwekwa chini ya urasimu na Benki Kuu ya Kenya kuasisi Shirika la KDIC kuwa mrasimu wake. Mnamo tarehe 13 Oktoba, 2015, Benki ya Imperial iliwekwa chini ya urasimu kutokana na shuguli hatari zilizoendeshwa na benki hiyo.

Shirika la KDIC lilishirikiana na wadau wengine pamoja na washauri ili kuhifadhi imani ya wateja na kuimarisha udhabiti wa sekta. Katika kipindi kifupi, zaidi ya asilimia 80 ya wawekaji wa Benki ya Imperial, iliyo chini ya urasimu, waliweza kupata pesa zao kupitia Benki ya KCB na Diamond Trust.

Tarehe 7 Aprili, 2016, Benki ya Chase iliwekwa chini ya urasimu kufuatia utangazaji potovu

uliosababisha wawekaji kutoa arbuni zao kutoka kwa benki. Shirika la KDIC lilishirikiana na wadau wengine kusuluhisha tatizo hilo, na tarehe 27 Aprili 2016, benki ya Chase ilifunguliwa chini ya usimamizi wa benki ya KCB.

Suluhu liliafikiwa liliwawezesha wawekaji kupata mgao wa arbuni yao. Biashara za benki ziliendelea japo kwa vizuizi. Mikakati hii ilifanikisha kupunguza utoaji wa arbuni kwa hadi asilimia 90. Chini ya usimamizi wa Benki ya KCB, zaidi ya akaunti elfu mbili mpya ziliweza kufunguliwa na mbinu za kufanyia malipo kuanzishwa kufikia tarehe 30 Juni 2016.

Shirika la KDIC linazidi kujizatiti kupata suluhu katika urasimu a benki hizo mbili ili kuimarisha udhabiti wa sekta ya benki. Mbinu zilizotumiwa na Shirika la KDIC kutatua shida zilizokabili benki hizi mbili kielelezo mwafaka ambao haujashuhudiwa tena.

Kama mojawapo ya mikakati ya Shirika la KDIC ya kujikuza, Shirika lililimisha wafanyakazi wake mwaka huu wa kifedha. Shirika pia limeanzisha mikakati itakayohakikisha ushiriki wake katika ukumbi wa kimataifa wa Bima ya Arbuni.

Shirika pia limewekeza katika Mitandao ya Eneo na Eneo Pana pamoja na kuwezesha shuguli zake kujindesha. Shirika pia limeweza kununua programu ya kisasa (Enterprise Resource Planning (ERP) ambayo itaiwezesha kushirikisha shuguli zake za utendakazi. Programu hii iko katika awamu ya mwisho ya utekelezaji. Shirika pia limeweka mfumo mwafaka, sera na utaratibu zitakazoendesha mamlaka yake pana kama mdhibiti wa hatari. Shirika la KDIC litazidi kushirikiana na wadau katika sekta ya benki ili kuimarisha mfumo wa kudhibiti hatari huku ikilenga kusuluhisha na kupunguza kusambaratika kwa benki.

Kwa mujibu wa lengo la Shirika la kuwa shirika bora zaidi la bima ya arbuni duniani, shirika litazidi kushirikiana na Shirikisho la Kimataifa la Walinzi wa Arbuni (**International Association of Deposit Insurers - IADI**) pamoja na wengine ili

kuiga viwango vya kimataifa.

Kwa sasa, shirika la KDIC linatathmini viwango hitajika ili kuhakikisha liko tayari wakati wote kulinda wawekaji kutokana na hasara zozote. Shirika hili pia lina chunguza upeo wake ili kushugulikia matatizo ya wawekaji. Mabadiliko haya yatasaidia kuimarisha viwango vya arbuni kupitia imarisho ya imani ya wawekaji.

Shirika la KDIC pia liko katika harakati ya kutekeleza mfumo utakaolinganisha ada hitajika na tathmini za hatari za kila taasisi. Mfumo huu unatarajiwa kuimarisha usawa katika sekta ya benki na hivyo basi kuendeleza ukuzaji wa mifumo bora ya kudhibiti hatari huku ikizuia shuguli hatari za kibiashara katika sekta hii.

Tungependa kutoa shukrani kwa Hazina Kuu ya Kitifa kwa kuwezesha shuguli za shirika zinafanyika ipasavyo. Hatuwezi kupuuza mchango wa Benki Kuu ya Kenya. Kando na kutoa ungozi kwa shirika hili, Benki Kuu ya Kenya pia limetoa mali na rasilimali zake ili kufanikisha shuguli za Shirika la KDIC.

Kutamatisha, ningependa kutoa shukrani zangu kwa Mwenyekiti, wanachama wa Bodi, wasimamizi pamoja na wafanyakazi wote wa Shirika la KDIC kwa juhudi zao za kuiendesha Shirika hili hasa katika kipindi hiki cha mpito. Mola atuongoze kujitolea zaidi na kuihudumia nchi yetu hata tunapozidi kuhaikisha nchi yetu ina mifumo dhabiti ya kifedha.

Mohamud Ahmed Mohamud
Kaimu Mkurugenzi Mkuu
Shirika La Bima Ya Arbuni Nchini Kenya

THE YEAR UNDER REVIEW

PERFORMANCE OF THE ECONOMY

The Kenyan economy has remained resilient, registering strong performance despite headwinds from a weaker global economic environment. Economic growth accelerated to 5.6 percent in 2016 from 5.3 percent recorded in 2014. The improved performance was mainly attributed to favorable weather conditions that supported agricultural production and electricity generation. Other factors that supported growth include high public investment which boosted expansion of the construction sector; low international oil prices that supported growth in the transport and storage sector; real estate and recovery in the tourism sector.

The general outlook for the domestic economy in 2016 is positive, with the stable macroeconomic environment expected to continue supporting economic growth in the medium term. However, depressed rainfall forecast in the second half of 2016 could potentially lower agricultural performance, which still accounts for the largest share of real GDP. The risks to the outlook include the uncertainty surrounding the impact of Brexit (The United Kingdom's withdrawal from the European Union) and a generally weaker global economy.

i) Inflation

Overall 12-Month inflation declined marginally from an average of 6.63 percent in financial year 2014/2015 to 6.47 percent in the financial year 2015/2016. Inflation in the financial year

2015/2016 was mainly a food phenomenon as food prices remained elevated and the dominant driver of inflation. The pronounced food prices are attributed to delayed long rains in the first half of the financial year 2015/2016

ii) Exchange Rate

Performance of the Kenya Shilling during the review period largely reflected developments in the international and domestic scene. During the fiscal year 2015/2016 the Shilling weakened by 3.5 percent against the US Dollar, 3.6 percent against the Euro and 21.3 percent against the Japanese Yen. The Shilling strengthened by 5.2 percent against the Pound Sterling. In the East African Community region the shilling strengthened marginally against the Uganda Shilling and the Rwanda Franc and weakened against the Tanzania Shilling and Burundi Franc. The depreciation of the Shilling against major currencies especially during the first half of the fiscal year 2015/2016 mainly reflected monetary policy actions in major advanced countries while the strengthening of the Shilling against the Sterling Pound mainly reflected the uncertainty surrounding the United Kingdom exit from the European Union (Brexit).

The Shilling is expected to remain stable following prudent monetary policy action by the Central Bank and the continued narrowing of the current account balance, which is supported by increased foreign receipts from tea and diaspora inflows amid subdued import demand.



iii) Monetary Policy Stance

The Monetary Policy Committee (MPC) raised the Central Bank Rate (CBR) from 10 percent in June 2015 to 11.50 percent in July 2015 and maintained it at that level until May 2016. The rate hike in July 2015 was to curb inflationary pressures arising from the pass through effects of the exchange rate. In the subsequent meetings that followed in August and September 2015, the committee observed that the foreign exchange market rate was still at risk due to the uncertainties surrounding the Federal Reserve rate hike. The tight monetary stance adopted plus the aggressive mop up and sale of forex by CBK in the interbank market stemmed the exchange rate volatility. In May 2016, the committee observed that the tight monetary stance adopted from July 2015, had contained the inflationary pressures and reduced the CBR by 100 basis points to 10.5 percent. They observed that the exchange rate had stabilized and was supported by increased foreign inflows and a reduction in the import bill from lower international oil prices. The inflationary pressures had subsided in the economy, and the month on month inflation had gradually declined from a high of 8 percent in December 2015 to 5 percent in May 2016.

iv) Kenya Bankers Reference Rate (KBRR)

During the MPC meeting held in July 7, 2015 the committee revised the KBRR to 9.87 percent from 8.54 percent January 2015 position. This was in line with the increase in the CBR rate to curb inflationary pressures. The KBRR was retained at 9.87 percent in the financial year 2015/2016.



BANKING SECTOR PERFORMANCE AND DEVELOPMENTS DURING THE YEAR ENDED 30TH JUNE 2016

OVERVIEW

1.0 STRUCTURE OF THE KENYAN BANKING SECTOR

During the fiscal year ended June 30, 2016, the Kenyan banking sector comprised of 43 commercial banks, 1 mortgage finance company, 13 microfinance banks, 8 representative offices of foreign banks, 79 foreign exchange bureaus, 17 money remittance providers and 3 credit reference bureaus.

The notable changes in the structure reflect: -

- Seven forex bureaus that converted to money remittance providers (MRPs) within the period.
- Placement of Dubai Bank Limited under liquidation on 24th August 2015, thereby reducing the number of banks to 42 in June 2016.
- Licensing of four remittance money providers namely; Upesi Money Remittance Provider, Real Money Remittance Provider, Value Money Remittance Provider and Global Money Remittance Provider.
- Licensing of Maisha Microfinance Bank Limited on 21st May 2016.

2.0 FINANCIAL POSITION AND PERFORMANCE OF THE KENYAN BANKING SECTOR

The banking sector registered improved performance in the year ended 30th June 2016 as shown below: -

- Assets increased by Ksh. 76.5 billion or 2.1 per cent to Ksh. 3.7 trillion as at June 30,

2016 from Ksh. 3.6 trillion in June 30, 2015.

- Loans and advances grew by Ksh. 100.4 billion or 4.6 per cent to Ksh. 2.3 trillion in June 30, 2016 compared to Ksh. 2.2 trillion as at June 30, 2015.
- The deposit base expanded by Ksh. 53.4 billion or 2.3 per cent to Ksh. 2.62 trillion in June 30, 2016 an increase from Ksh. 2.57 trillion reported in June 30, 2015.
- Profit before tax increased by 5.4 per cent to Ksh. 81.2 billion in the year to June 30, 2016 from Ksh. 77.0 billion reported in the period ended June 30, 2015.

3.0 FINANCIAL INCLUSION INITIATIVES

3.1 Performance of Microfinance Banks

The performance of microfinance banks deteriorated as reflected in Ksh.128.3 million loss reported for the operations in the year to June 2016 compared to profit before tax of 489 million for the twelve months' period ended June 2015. This was due to the prevailing tight liquidity in the market. Microfinance banks normally borrow from the banking market to fund their lending activities. It follows that their profitability scope would be highly limited when the liquidity conditions in the market is tight.

As at June 2015, the MFBs' ratio of core capital to risk weighted assets decreased from 20 per cent in June 2015 to 19 per cent in June 2016 and was above the minimum requirement of 10 per cent. The ratio of total capital to total risk weighted assets decreased from 24 per cent as at June 2015 to 22 per cent in June 2016 against the minimum statutory requirement of 12 per cent.

3.2 Agency Banking

Agency banking model in Kenya has continued to improve access to banking services since its launch in 2010. As at 31st June 2016, there were 17 commercial banks that had contracted 43,675 active agents as compared to 38,590 active agents as at June 2015.

The number of banking transactions undertaken through agents increased from 69.3 million registered in the year ended June 2015 to 211 million transactions registered in the year ended June 2016. Similarly, the value of banking transactions undertaken through agents increased from Ksh. 358.5 billion in the year ended June 2015 to 632.5 billion for the year ended June 2016.

3.3 Credit Information Sharing Mechanism

The credit information sharing mechanism remained a key input in the decision making process of credit providers in Kenya as they seek to mitigate risks associated with information asymmetry. The credit reports requested in the twelve months to June 2016 by banks, microfinance banks and customers increased by 107 per cent, 67 per cent and 100.7 per cent, respectively

The increased uptake of credit reports of 44,348 by customers is an indication of growing awareness of the need to check their credit status through the Credit Reference Bureaus.

3.4 Challenges in the banking sector

While the banking sector on the whole remained stable and resilient, three non-systemic banks were placed under receivership.

Dubai Bank was put under receivership on 14th August 2015 arising from capital and liquidity deficiencies that culminated in the

bank's inability to meet its obligations'. The bank was subsequently placed in liquidation on 24th August 2015. On 13th October 2015, CBK appointed the Kenya Deposit Insurance Corporation (KDIC) as the receiver of Imperial Bank Limited (IBL). This followed a submission by the Board of IBL to CBK of information on suspected fraudulent activities at the bank. Chase Bank Limited was placed in receivership on 7th April 2016 due to failure to meet its financial obligations.

These developments affected the liquidity distribution within the sector, which led to segmentation in the interbank market and reduction of interbank lines to small and medium size banks. However, the situation was adequately managed through the Central Bank of Kenya's support to the affected banks through reverse repos as well as the central bank discount window.

CORPORATE GOVERNANCE

MANDATE AND RESPONSIBILITIES

The Kenya Deposit Insurance Corporation (KDIC) which is a body corporate with perpetual succession and a common seal, came into existence following the promulgation of The Kenya Deposit Insurance Act, 2012, (KDI Act) on May 14, 2012, and commenced operations on 1st July, 2014, with a transition period of one year to 30th June, 2015. KDIC is categorized as a State Corporation under the State Corporations Act.

The mandate of the KDIC is to build confidence in the banking sector through an effective deposit insurance scheme and to foster financial stability. The object and purpose for which the Corporation was established include the following:-

- (i) Provide a deposit insurance scheme for depositors of member institutions;
- (ii) Hold, manage and apply funds levied as contributions from member institutions;

- (iii) Provide Bank resolution mechanism for failing/failed institution(s);
- (iv) Receive, liquidate and wind-up operations of insolvent institutions in respect of which the Corporation is appointed receiver or liquidator; and
- (v) Provide incentives for sound risk management and generally promote the stability of the financial system.

As a key strategic safety net participant in the banking sector and overall financial industry in Kenya, KDIC complements the role of Central Bank in regulating member institutions, examining, monitoring and resolving problem institutions.

KDIC is in transition and the Board is yet to be properly constituted. The Board is comprised of the Governor, Central Bank of Kenya, the Principal Secretary, National Treasury and the Attorney General as Ex-Officio members, three members from the banking industry and one independent member who is the Acting Chairman in all the Board meetings and matters. In view of KDIC's expanded mandate and to ensure good corporate governance, The KDI Act was amended through the Finance Act, 2016 to provide for a more independent Board.

ORGANIZATION STRUCTURE

The KDIC is steered by a Board of Directors. The Board plays an oversight role on Management activities and is responsible for the KDIC performance.

The KDIC organizational structure comprises five Departments namely: Finance & Administration, Liquidations, Legal Services, Internal Audit and ICT. In striving to achieve best Practice, KDIC has in its structure an Internal Audit Unit and has established a Human Resource Unit. The two units provide quality control and risk management of the

Corporation's resources, as well as harnessing and enhancing management of the human resource, as an asset. The Management of the KDIC comprises of an Acting CEO and 61 members of staff of various cadres all of whom are on secondment from CBK. To ensure KDIC has the optimum human resource capacity to fulfill its mandate, a consultant in Human Resource was engaged during the year under review to undertake a skills assessment of the staff to ensure proper placement and to highlight any gaps that need to be filled in line with the expanded mandate. The exercise was nearing conclusion as the end of the financial year.

CORPORATE GOVERNANCE APPROACH

Section 7 and 8 of the Kenya Deposit Insurance Act 2012, defines the members, roles and functions of the Board. The Corporation shall be administered by a Board of Directors which shall consist of a non-executive chairperson appointed by the President on the recommendation of the Minister provided that the chairperson appointed shall not be from the member institutions of the Corporation, the Permanent Secretary in the Ministry for the time being responsible for matters relating to finance or his representative, the Attorney General or his representative, the Governor of the Central Bank of Kenya or his representative, six members, not being public officers and three of whom shall be from institutions, appointed by the Cabinet Secretary in consultation with the Corporation.

The Board does not have a substantive chairman, and Dr. Julius Kipnge'tich is the presiding chairman. The appointment of a substantive chairman and other independent Board member is pending.

Members of the Board have signed and committed to implement MWONGOZO , The

Code of Governance for State Corporations. The Board has also been trained on the Code of Governance by State Corporations Advisory Committee to build internal capacity and to ensure good corporate governance for the organization. The Board has overseen the development of proper and sound organizational structures for KDIC. This was done with the support of consultants to ensure a structure that incorporates and aligns to international best practice.

The Board has delegated the day to day operations of the Fund to management staff, who work under the guidance and direction of The Acting Chief Executive Officer. The Acting Chief Executive Officer is an ex-officio member of the Board, and presents management reports to the Board and manages the corporation. Decision making on major issues is through various management committees, where each decision is subjected to critical analysis and review by the members of the committees. The budget of the Corporation is approved by the Cabinet Secretary in charge of the National Treasury and implemented by the management on behalf of the Board.

HUMAN RESOURCES

Section 11 of the KDI Act, has mandated the Corporation to appoint such officers and other staff as necessary for the proper discharge of its functions. KDIC procured the services of a Consultant to undertake a Human Resource Study that entails providing an organizational structure for KDIC and conducting job evaluation, job analysis, review of existing job descriptions, competency profiling and development of a skills matrix, with a view to designing a new functional and grading structure. The Consultant work was considered and approved by the Board. KDIC is therefore in the process of obtaining necessary approvals to implement the Board recommendations to

ensure a modern and robust KDIC that creates confidence in the banking sector and responds to emerging challenges in the regional and global context.

In the next financial year KDIC will undertake an exercise to populate the approved organizational structure and to set up the new Departments as approved by the Board. Currently the Board is in the process of recruiting a substantive Chief Executive Officer for KDIC, and will thereafter recruit senior officers and other staff to ensure efficient service to the public.

DEPOSIT INSURANCE ACTIVITIES

INTRODUCTION

The role of deposit insurance is to protect depositors, particularly small, vulnerable, less financially sophisticated, against losses they may face as a result of the failure of banks and other deposit taking institutions, thus creating public confidence in a financial system. At the same time, the availability of deposit insurance serves to protect banks against the risk of 'runs' and thus contribute to financial stability.

Deposit insurance is typically provided primarily for the benefit of depositors who do not have the means or the capacity to assess, readily and comprehensively, the risks faced by the institutions with which they place their savings

DEPOSIT INSURANCE COVERAGE

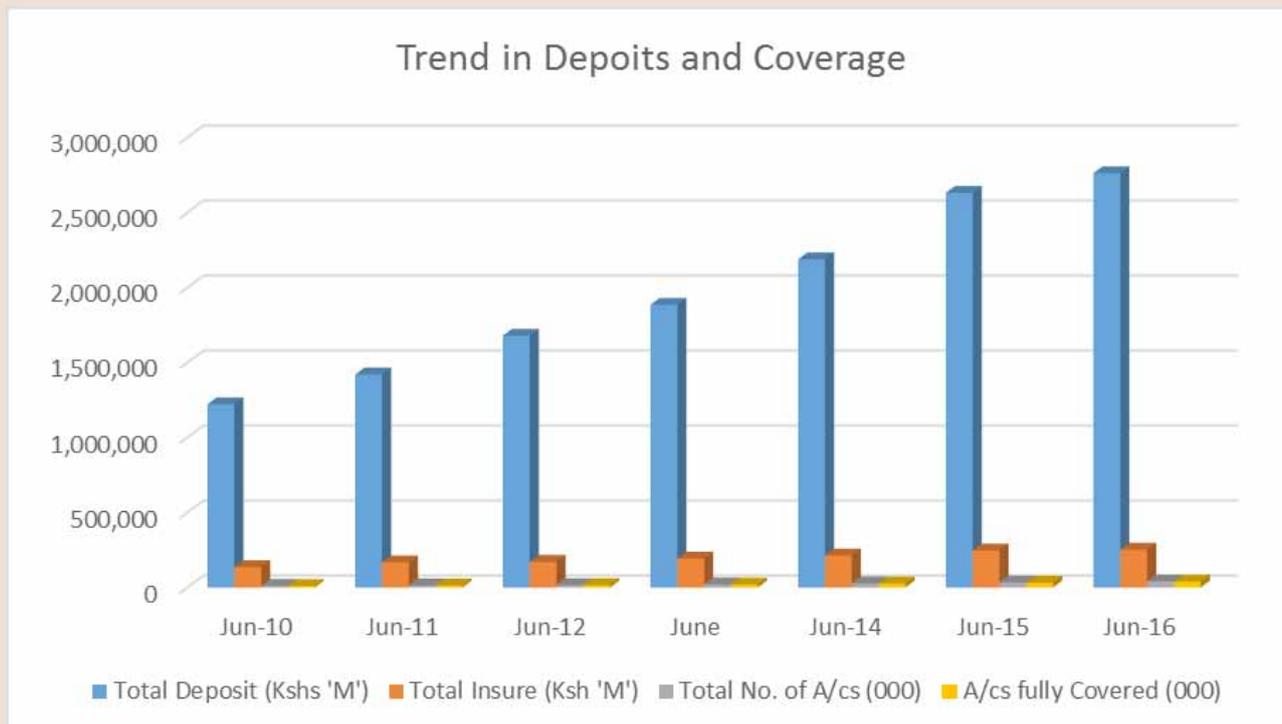
In its endeavour to provide a Deposit Insurance Scheme to depositors of member institutions, KDIC has ensured that the level and scope of coverage meets public policy objective by covering majority of retail depositors in full.

Membership to the fund is mandatory for all deposit taking institutions licensed by the Central Bank of Kenya, while the coverage and limit of insured deposits has remained at a maximum of Ksh 100,000 (US \$ 1,010) per depositor.

At the current level and scope of coverage, total depositors' accounts covered have been maintained at over 80% over the years, in line with IADI's minimum benchmark. This is attributed to national initiatives that have promoted financial inclusion which has seen previously unbanked retail depositors enter the formal financial system. For the period ended 30th June 2016, total accounts covered were at 97%. As shown in the Table and Chart below, the total amount insured increased by KSh. 5.73 billion from KSh. 246.77 billion in June, 2015, to KSh. 252.50 billion in June, 2016. The total number of deposit accounts increased by 6.84 million during the year under review, from 33.936 million in June, 2015, to 40,774 million in June, 2016.

Table 1: Trend in Deposits and Coverage

	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016
Total Deposits (KShs. 'M')	1,222,160	1,420,457	1,678,590	1,884,784	2,188,065	2,630,908	2,762,386
Total Insured (Ksh 'M')	136,291	168,120	170,931	192,887	213,708	246,772	252,502
Total No of A/cs (000)	10,676	14,213	16,471	20,908	27,423	33,936	40,776
A/cs Fully Covered (000)	10,057	13,365	15,588	19,911	26,327	32,689	39,443



It is to be noted that the scope of deposit protection covers deposits received by deposit-taking financial institutions licensed by the Central Bank including balances in foreign currency accounts except inter-bank balances.

Whereas the maximum amount covered per depositor has remained at Ksh. 100,000 since the inception of the deposit insurance scheme in 1985, this is poised for review.

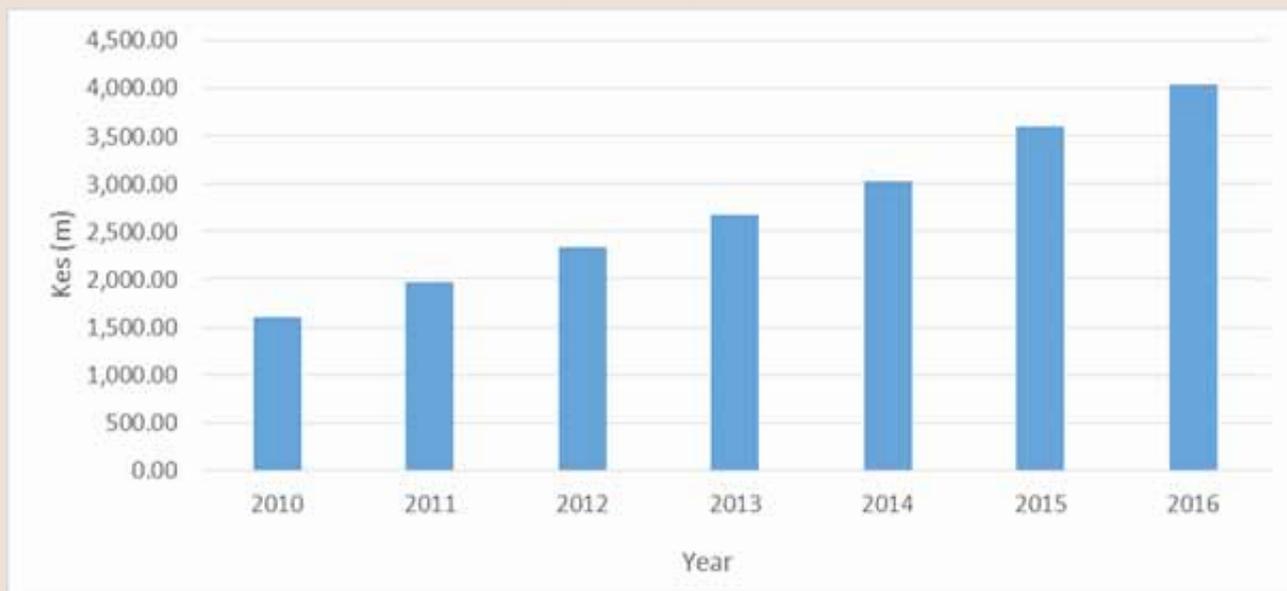
MEMBER INSTITUTIONS CONTRIBUTIONS

KDIC operates an ex-ante deposit insurance scheme where funding is through annual

premium contribution by all member institutions. Hence, major sources of funding are member contribution and income from investments in Government Securities. The premium is currently charged at 0.15% of the average total deposit liabilities for the 12 months preceding the commencement of the financial year or Ksh. 300,000.00, whichever is higher. For the year ended 30th June, 2016, KDIC collected a total of Ksh. 3.601 billion. Table 2 and chart 2 below shows the premium contribution by member institutions from 2010 to date.

Table 2: Trend in Premium Contribution (KES m)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Banks	1,574.1	1,934.6	2,294.3	2,615.7	2,952.7	3,546.2	3,922.95
Non-Bank FIs	24.2	25.4	28.3	35.4	40.64	50.37	59.91
DTMs	0.3	12.9	16.5	24.8	39.2	55.49	60.77
Total	1,598.6	1,972.9	2339.1	2,675.9	3,032.5	3,601.7	4,042.6

Chart 2 Trend in Premium Contribution (KShs. m)

In efforts to streamline risk management in member institutions, KDIC is conducting a study with a view to introduce Differential Premium. This methodology of member Contribution will take into account institutional risk profile.

MEMBERSHIP:

Membership to the Fund is Mandatory for all deposit taking institutions licensed under the Banking Act, Building Societies Act and the Microfinance Act (Banking Act 38(1), KDIC Act 24(1)).

The Membership to the Fund, as at 30th June, 2016, comprised the following:

- i.) Forty two (42) Commercial Banks
- ii.) One (1) Mortgage Finance Institution
- iii.) Twelve (12) Deposit-Taking Microfinance Institutions.

SOURCES OF INCOME:

The Fund has four major sources of income, namely:

- a) Section 76(1), of the KDI Act 2012, the assets of the Deposit Protection Fund Board established under section 36 of the Banking Act.

- b) Premium contributions: KDIC levies premium on Member Institutions annually at 0.15% of the average total deposit liabilities during the preceding 12 months period with a minimum of KSh. 300,000.00 [approximately US\$ 3,530];
- c) Investment income: This is mainly from Investment of funds which is restricted to Government Securities. This ensures:
 - i.) Preservation of capital;
 - ii.) Safe custody;
 - iii.) Liquidity; and
 - iv.) Long term growth of the capital.
- d) Long term borrowing: The Fund is allowed to borrow from the Central Bank of Kenya, in the event that the Fund balance is insufficient for pay-out, in case of a bank failure, or the Consolidated Fund in case of a systemic crises.

The maximum amount of protected deposits that is paid out to each depositor, in the event of a bank failure, has remained at KShs.100,000 [US\$ 1,010] since the inception of the Fund, but a study was commissioned by the Office of the Technical assistance of the US Treasury, to establish Adequate Cover, Optimal Target Fund and Risk- Based Contribution. The coverage level is set for review upwards in the next financial year.

As at 30th June, 2016, deposit accounts fully covered were 40,775 million while the effective cover was 25.9% to date, KDIC has taken over 24 collapsed institutions. (7) Of these institutions have been wound up leaving seventeen (17) institutions undergoing liquidation.

RELATIONSHIP WITH IADI AND AFRICA REGIONAL COMMITTEE (ARC)

KDIC is a founder member of the International Association of Deposit Insurers (IADI) and a member of its various Standing Committees as well as the Africa Regional Committee (ARC). KDIC continued to participate in IADI programs during the year under review, and will continue to cooperate with IADI and its members with the objective of sharing experience and continuously improving and aligning its deposit insurance system to best practice.

5. LIQUIDATION ACTIVITIES

Payment of Protected Deposits

The total protected deposits paid by all the institutions so far placed in liquidation by the Kenya Deposit Insurance Corporation (KDIC) amounted to Kshs. 1,162 million as at June 30, 2016. This figure increased by Kshs. 48 million following payment of protected depositors of Dubai Bank Limited placed in liquidation on 24th August 2015. The cumulative payment for insured deposits since the Board commenced liquidation of banks and financial institutions averaged 71.46% of total insured deposits.

Details of payment of Protected Deposits by each institution are as shown in Table 3 below. Institutions which have already been wound up by the Board are listed in the shaded area at the bottom of the table.

Total protected deposits paid by all institutions placed in liquidation

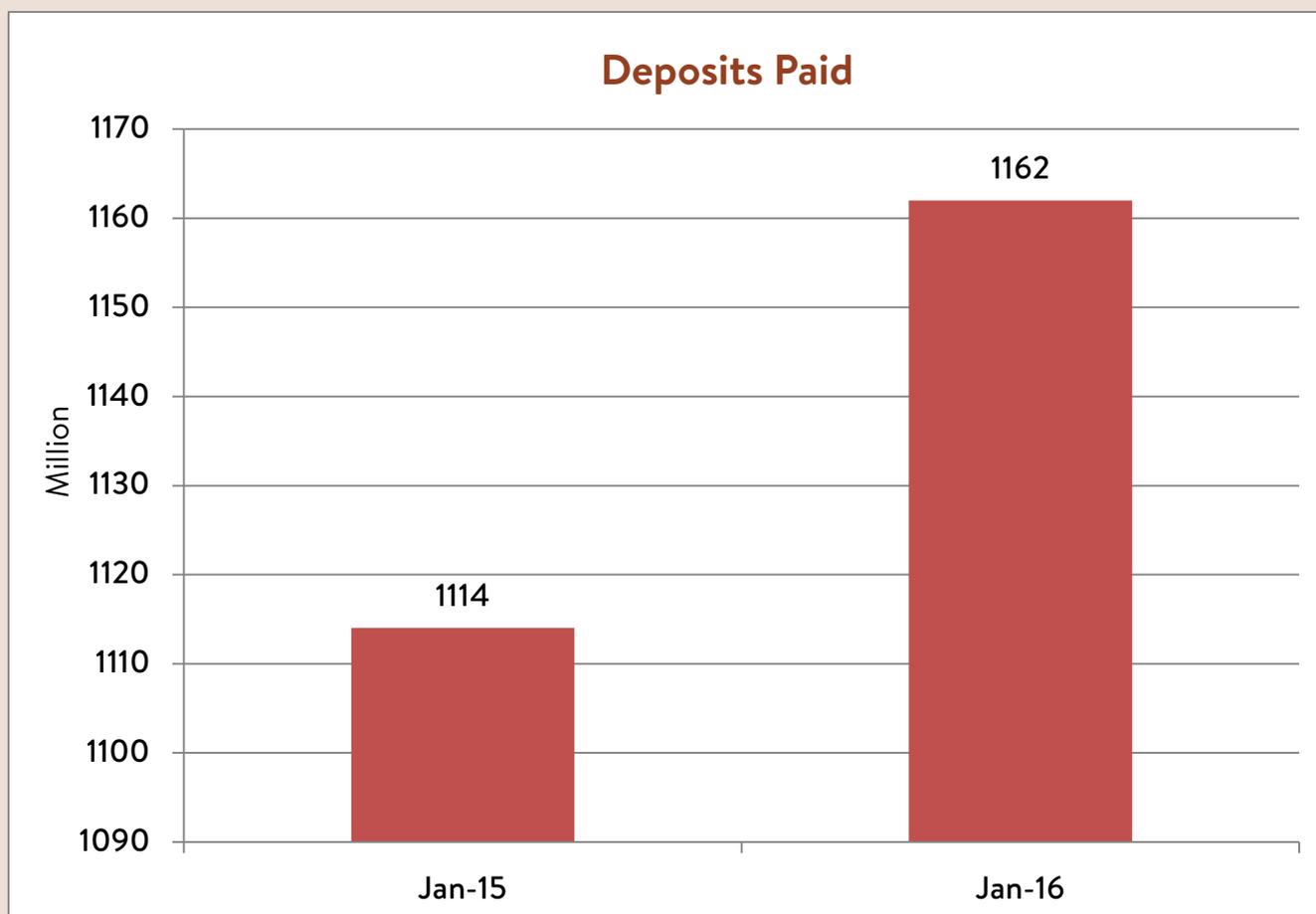


Table 3: Payment of Protected Deposits as at 30th June 2016 (KShs. million)

	Name of Institution	Liquidation Date	Total Deposits as at Liquidation	Total Protected Deposits	Protected Deposits paid as at 30th June 2015	Protected Deposits paid as at 30th June 2016	% of Protected Deposits paid as at 30th June 2016
1	Postbank Credit Ltd.	20-May-93	3,834.00	30	30	30	100
2	Trade Bank Ltd.	18-Aug-93	4,766.50	280	248	248	88.57
3	Middle Africa Finance Ltd.	20-Aug-93	242	17	13	13	76.47
4	Pan-African Bank Ltd.	18-Aug-94	614.5	107	90	90	84.11
5	Pan-African Credit & Finance Ltd.	18-Aug-94	139	8	6	6	75
6	Thabiti Finance Co. Ltd.	19-Dec-94	850	54	33	33	61.11
7	Meridien BIAO Bank Ltd.	15-Apr-96	781	45	38	38	84.44
8	Kenya Finance Bank Ltd.	29-Oct-96	1,782.00	381	323	323	84.78
9	Ari Bank Corporation Ltd.	5-Dec-97	287	11	6	6	54.55
10	Prudential Bank Ltd.	5-May-00	600	16	12	12	75
11	Reliance Bank Ltd.	12-Sep-00	969	88	50	50	56.82
12	Fortune Finance Co. Ltd.	14-Sep-00	320	33	23	23	69.7
13	Trust Bank Ltd.	15-Aug-01	4,357.09**	111	20	20	18.02
14	Euro Bank Ltd.	21-Feb-03	2,040.00	19	8	8	42.11
15	Prudential Building Society	18-Jan-05	2,025.00	8	3	3	37.5
16	Daima Bank Ltd.	13-Jun-05	669	93	76	76	81.72
17	Dubai Bank Ltd.	24-Aug-15	1,355.00	123	-	48	39.02
18	Inter-Africa Credit Finance Ltd.	31-Jan-93	138	4	2	2	50
		*07-Sep-12					
19	Central Finance Ltd.	19-May-93	106	15	12	12	80
		*07-Sep-12					
20	Nairobi Finance Ltd.	20-Aug-93	188	5	4	4	80
		*16/08/2010					
21	Diners Finance Co. Ltd.	20-Aug-93	667	142	95	95	66.9
		*07/11/2008					
22	Trade Finance Ltd.	18-Aug-93	203	10	6	6	60
		*23/09/2008					
23	Allied Credit Ltd.	20-Aug-93	81	14	8	8	57.14
		*06/11/2007					
24	International Finance Ltd.	16-Apr-93	168	2	1	1	50
		*06/11/2007					
25	Heritage Bank Ltd.	13-Sep-96	370	10	7	7	70
		*22/11/2014					
	TOTALS		23,354.00	1,626.00	1,114.00	1,162.00	71.46

*Date of Release of Liquidator

** The amount includes the depositors balances who were previously categorised as creditors under the Trust Bank Limited scheme of arrangements before the institution was placed in liquidation.

Debt Recovery

As at June 30, 2016, the cumulative recovery of debts and realisation of other assets by all the institutions so far placed in liquidation by the Kenya Deposit Insurance Corporation totalled Kshs. 8,839.57 million. This amount represents an increase of Kshs. 331.26m against the total cumulative asset realisation of Kshs. 8,508.31 million achieved in the previous financial year. The total recovery includes interest earned on Treasury Bills and other recoveries. General performance on

debt recovery continues to decrease due to poor quality of the remaining assets. During the year under review, Dubai Bank Limited (I.L.) was placed in liquidation on 24th August 2015.

The table below illustrates the cumulative loan recovery and performance by institutions in liquidation. Twelve (12) institutions out of 25 managed to recover margins above 20% of the outstanding debt portfolio from the date of liquidation.

Table 4: Debt recovery as at 30th June 2016 (KShs. million)

	Name of Institution	Liquidation Date	Total Loans as at Liquidation	Total Recoveries at 30 June 2015	Total Recoveries as at 30 June 2016	% of Original Debt 30 June 2016
1	Postbank Credit Ltd.	20-May-93	3,605.00	2,145.37	2,153.59	59.74
2	Trade Bank Ltd.	18-Aug-93	3,955.00	773.1	800.67	20.24
3	Middle Africa Finance Ltd.	20-Aug-93	656	74.51	76.53	11.67
4	Pan-African Bank Ltd.	18-Aug-94	1,433.00	1037.8	1048.44	73.16
5	Pan-African Credit & Finance Ltd.	18-Aug-94	445	251.74	259.15	58.24
6	Thabiti Finance Co. Ltd.	19-Dec-94	1,217.00	114.93	118	9.7
7	Meridien BIAO Bank Ltd.	15-Apr-96	224	93.3	97.98	43.74
8	Kenya Finance Bank Ltd.	29-Oct-96	2,329.00	481.95	490.44	21.06
9	Ari Bank Corporation Ltd.	5-Dec-97	453	29.44	30.32	6.69
10	Prudential Bank Ltd.	5-May-00	633	84.38	86.8	13.71
11	Reliance Bank Ltd.	12-Sep-00	1,591.00	153.3	155.97	9.8
12	Fortune Finance Co. Ltd.	14-Sep-00	345	80.66	84.92	24.61
13	Trust Bank Ltd.	15-Aug-01	13,808.00	2121.26	2293.57	16.61
14	Euro Bank Ltd.	21-Feb-03	3,861.00	175.28	180.19	4.67
15	Prudential Building Society	18-Jan-05	3,283.00	210.4	211.56	6.44
16	Dubai Bank Ltd.	24-Aug-15	4,403.00		67.32	1.53
17	Daima Bank Ltd.	13-Jun-05	802	199.24	202.47	25.25
18	Inter-Africa Credit Finance Ltd.	31-Jan-93	155	35.9	35.9	23.16
		07-Sep-12				
19	Central Finance Ltd.	19-May-93	111	110.38	110.38	99.44
		07-Sep-12				
20	Nairobi Finance Ltd.	20-Aug-93	997	63.96	63.96	6.42
		16-Aug-10				
21	Diners Finance Co. Ltd.	20-Aug-93	358	116.23	116.23	32.47
		7-Nov-08				
22	Trade Finance Ltd.	18-Aug-93	105	94.66	94.66	90.15
		23-Sep-08				
23	Allied Credit Ltd.	20-Aug-93	111	4.4	4.4	3.96
		6-Nov-07				
24	International Finance Ltd.	16-Apr-93	176	5.2	5.2	2.95
		6-Nov-07				
25	Heritage Bank Ltd.	13-Sep-96	458	50.92	50.92	11.12
		22-Nov-14				
	TOTALS		45,514.00	8,508.31	8,839.57	19.42

Payment of Dividends

During the year under review, Trust Bank Limited (I.L.), Daima Bank (IL) and Reliance Bank (IL) continued paying Dividend to Depositors and Creditors.

As at 30th June, 2016, the cumulative dividends paid by all the institutions in liquidation amounted to Kshs.9,027.38 million compared to Kshs.7,407.92 million paid the previous year resulting in an increase of Kshs.1,619.46 million in dividend payment.

So far, Trust Bank Limited (I.L.) has made the highest dividend payout amounting to Kshs. 2,057.00 million followed by Post Bank Credit Limited (I.L.), at Kshs. 1,702.00 million and Pan-African Bank Limited (I.L.) at Kshs. 1,194.00 million. With the enhanced debt recovery methods, further dividend payments are expected.

Table 5 below shows the cumulative dividend payments made as at 30th June, 2016 by individual institutions in liquidation.

Table 5: Dividends declared as at 30th June 2016 (Kshs. Million)

	Name of Institution	Liquidation Date	Total Unprotected Deposits as at Liquidation	Dividends declared as at 30th June 2015	Dividends declared as at 30th June 2016
1	Postbank Credit Ltd.	20-May-93	3,804.00	1,702.00	1,702.00
2	Trade Bank Ltd.	18-Aug-93	4,486.50	963.28	963.28
3	Middle Africa Finance Ltd.	20-Aug-93	225	20.3	20.3
4	Pan-African Bank Ltd.	18-Aug-94	507.5	361	1,194.00
5	Pan-African Credit & Finance Ltd.	18-Aug-94	131	137.7	274
6	Thabiti Finance Co. Ltd.	19-Dec-94	796	99.97	99.97
7	Meridien BIAO Bank Ltd.	15-Apr-96	736	378.74	378.74
8	Kenya Finance Bank Ltd.	29-Oct-96	1,401.00	326.42	544
9	Ari Credit Corporation Ltd.	5-Dec-97	276	41.66	41.66
10	Prudential Bank Ltd.	5-May-00	584	227.2	227.2
11	Reliance Bank Ltd.	12-Sep-00	881	221.7	221.7
12	Fortune Finance Co. Ltd.	14-Sep-00	287	182.61	182.61
13	Trust Bank Ltd.	15-Aug-01	48	1,657.00	2,057.00
14	Euro Bank Ltd.	21-Feb-03	2,021.00	93.35	93.35
15	Prudential Building Society	18-Jan-05	2,017.00	222.7	222.7
16	Daima Bank Ltd.	13-Jun-05	576	235.2	267.78
17	Inter-Africa Credit Finance Ltd.	31-Jan-93	134	24.21	24.21
		07-Sep-12			
18	Central Finance Ltd.	19-May-93	91	104.1	104.1
		07-Sep-12			
19	Nairobi Finance Ltd.	20-Aug-93	183	48.26	48.26
		16-Aug-10			
20	Diners Finance Co. Ltd.	20-Aug-93	525	244.84	244.84
		7-Nov-08			
21	Trade Finance Ltd.	18-Aug-93	193	80.23	80.23
		23-Sep-08			
22	Allied Credit Ltd.	20-Aug-93	67	-	-
		06-Nov-07			
23	International Finance Ltd.	16-Apr-93	166	-	-
		6-Nov-07			
24	Heritage Bank Ltd.	13-Sep-96	360	35.45	35.45
		22-Nov-14			
	TOTALS		20,496.00	7,407.92	9,027.38

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA DEPOSIT INSURANCE
CORPORATION

FOR THE YEAR ENDED
30 JUNE 2016

DIRECTORS AND STATUTORY INFORMATION

DIRECTORS

Chairman	- Vacant
Dr. Julius K. Kipng'etich	- Acting Chairman
Dr. Kamau Thugge	- Principal Secretary, National Treasury
Dr. Patrick Njoroge	- Governor, Central Bank of Kenya
Prof. Githu Muigai	- Attorney General
Mrs. Nasim Devji	- Member
Mr. Jeremy I. Ngunze	- Member
Mr. Samuel N. Kimani	- Member
Mr. Martin S. O. Gumo	- Alternate to Principal Secretary, National Treasury
Mr. Alex Mbuvi	- Alternate to the Attorney General
Mr. Mohamud A. Mohamud	- KDIC Acting Chief Executive Officer (Ex-officio)
Ms. Jane K. Ikunyua	- KDIC Acting Board Secretary

BOARD AUDIT COMMITTEE

Mrs. Nasim Devji	- Chairperson
Mr. Jeremy I. Ngunze	- Member
Mr. Samuel N. Kimani	- Member
Mr. Martin S. O. Gumo	- Alternate to Principal Secretary, Treasury
Mrs. Edith M. Kagasi	- Board Audit Committee Secretary

BOARD TECHNICAL COMMITTEE

Mr. Samuel N. Kimani	- Chairman
Dr. Patrick Njoroge	
Ms. Nasim Devji	
Mr. Mohamud A. Mohamud.	
Jane Ikunyua	- Secretary

BOARD FINANCE, ADMINISTRATION & HUMAN RESOURCES COMMITTEE

Mr. Jeremy Ngunze	- Chairman
Hon. Githu Muigai	
Mr. Martin S. O. Gumo	
Jane Ikunyua	- Secretary

SENIOR MANAGEMENT

Mr. Mohamud A. Mohamud	- Acting Chief Executive Officer
Mr. Stephen M. Thuo	- Head of Finance & Administration
Ms. Jane K. Ikunyua	- Assistant Director – Legal
Ms. Jane W. Kamita	- Acting Assistant Director – Resolutions
Mr Walter Onyino	- Assistant Director – ICT

PRINCIPAL PLACE OF BUSINESS

CBK Pension House
Harambee Avenue
PO Box 45983 - 00100
Nairobi

AUDITORS

Deloitte & Touche
Deloitte Place
Waiyaki Way
PO Box 40092 - 00100
Nairobi

On behalf of: The Auditor-General
Kenya National Audit Office
Anniversary Towers
University Way
PO Box 30084 - 00100
Nairobi GPO

BANKERS

Central Bank of Kenya
Central Bank of Kenya Building
Haile Selassie Avenue
PO Box 60000 - 00200
Nairobi

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2016

The directors have pleasure in submitting their financial report together with the audited financial statements for the year ended 30 June 2016, which disclose the state of financial affairs of the Corporation.

INCORPORATION

The Kenya Deposit Insurance Corporation (formerly Deposit Protection Fund Board) is established under the Kenya Deposit Insurance Act, 2012 (KDI Act 2012).

PRINCIPAL ACTIVITIES

The Corporation is established and administered under the KDI Act, 2012. The Corporation commenced operations on 1 July 2014, with a transition period of two years, to 30 June 2016. The objectives of the Corporation is to provide deposit insurance scheme for depositors of member institutions, monitor the soundness of institutions through analysis, and undertake problem bank resolution through receivership, liquidation and winding up of collapsed bank institutions in accordance with the KDI Act.

RESULTS

The results for the year are set out on page 38.

DIRECTORS

The directors who served during the year are set out on page 30.

AUDITORS

The Auditor General is responsible for the statutory audit of the company's financial statements in accordance with Section 39(1) of the Public Audit Act, 2003. Section 39(1) of the Act empowers the Auditor General to appoint other auditors to carry out the audit on his behalf. Accordingly, Deloitte & Touche were appointed to carry out the audit for the year ended 30 June 2016.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved at a meeting of the directors held on 31st August 2016

BY ORDER OF THE BOARD


Ms. JANE K. IKUNYIA
AG. BOARD SECRETARY

Date:

31st August, 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES **FOR THE YEAR ENDED 30TH JUNE 2016**

The directors are responsible for the preparation and presentation of the financial statements of Kenya Deposit Insurance Corporation set out on pages 5 to 30 which comprise the statement of financial position at 30th June 2016, the statement of profit or loss and other comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The directors' responsibilities include: determining that the basis of accounting described in Note 1 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Banking Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

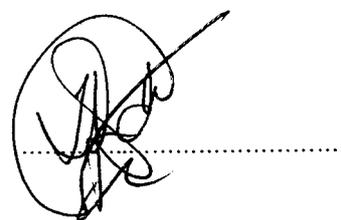
Under the KDI Act, the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Corporation as at the end of the financial year and of the operating results of the Corporation for that year. It also requires the directors to ensure the Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the Corporation.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the KDI Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Corporation's ability to continue as a going concern and have no reason to believe the Corporation will not be a going concern for at least the next twelve months from the date of this statement.



Chairman



Member

STATEMENT OF CORPORATE GOVERNANCE

The Kenya Deposit Insurance Corporation (KDIC) is a body corporate established under the Kenya Deposit Insurance Act, 2012. The Corporation is committed to maintaining the highest standards of integrity, professionalism and business ethics in all its operations.

BOARD OF DIRECTORS

The KDI Act Section 7(1&2) provides that the Board of directors shall be composed of five members not being public officers, appointed by the Cabinet Secretary of the National Treasury, three of whom shall be from the Institutions, one of whom shall be appointed as a non-executive Chairperson by the President on the recommendation of the Minister, provided that the Chairperson appointed shall not be from the member institutions of the Corporation, the Governor of Central Bank of Kenya, Principal Secretary to the National Treasury, the attorney General representing the member institutions and the Chief Executive Officer who shall be an ex-officio member. The members representing the institutions during the period under review are: Mrs. Nasim Devji, Dr. Julius Kipng'etich, Mr. Jeremy Ngunze and Mr. Samuel Kimani.

BOARD MEETINGS

The Board meets every quarter and has a formal schedule of agenda items due for deliberations. The directors are given appropriate and timely information to maintain full and effective control over strategic, financial and operational issues. The Board is not involved in the conduct of day-to-day business as this is a responsibility given to the Ag. Chief Executive Officer (Ag. CEO) of KDI Act. It however retains responsibility for determining the policies of the Fund.

AUDIT COMMITTEE

The members of the Audit Committee are Mrs. Nasim Devji, Mr. Martin Gumo, Dr. Julius Kipng'etich, Mr. Jeremy Ngunze and Mr. Samuel Kimani. They are all non-Executive Directors and have experience in Banking, Finance, Accounting, Administration and Management. The committee meets every quarter, and as necessary, two weeks before the full Board meeting. The committee's responsibilities are to review the efficiency and effectiveness of Internal Controls, Financial Reporting, Internal Audit function, External audit work, and Risk Management policies and procedures. Towards this end, a self-evaluation tool which measures the committee's performance has been developed and implemented.

BOARD TECHNICAL COMMITTEE

The Committee comprises of three independent Board members, namely, Mr. Samuel Kimani, Dr. Patrick Njoroge and Ms. Nasim Devji. The Board Technical Committee role is to handle Technical matters relating to the Kenya Deposit Insurance Corporation. The Committee meets at least four times in a year in order to deal with matters relating to execution of the Corporation's mandate.

BOARD FINANCE, ADMINISTRATION & HUMAN RESOURCES COMMITTEE

The members of the Board Finance, Administration and Human Resources Committee are Mr. Jeremy Ngunze, Prof. Githu Muigai and Mr. Martin Gumo. The role of the Board Finance, Administration and Human Resource Committee includes handling finance, administration and HR matters relating to the KDIC. The Committee meets at least quarterly in order to deal with matters relating to execution of the Corporation's mandate.

MANAGEMENT STRUCTURE

The KDIC senior management is made up of the Ag. CEO, four Assistant Directors, each heading the Division of Finance & Administration, Legal, ICT and Liquidations. The KDIC senior management meets regularly to review overall performance of the Corporation. Decision making is through several management committees which meet regularly to deliberate and advise the Ag. CEO on specific issues. All KDIC staff are employees of Central Bank of Kenya seconded to the Corporation.

DIRECTOR'S EMOLUMENTS AND LOANS

The remuneration paid to the directors for services rendered during the financial year 2015/2016 is disclosed in Note 8 of the financial statements. The directors, who are all non-executive, are paid a monthly retainer fee and a sitting allowance for every meeting attended. There were no loans to Non-Executive Directors during the year.

CODE OF ETHICS

The Corporation is committed to the highest standards of integrity, behavior and ethics. A formal code of ethics for all employees of Central Bank of Kenya exists and is fully implemented. All employees of the Corporation are expected to avoid activities and financial interests which could give rise to conflict of interest with their responsibilities. Strict rules of conduct apply to the staff of CBK, including those in KDIC, under the staff rules and regulations.

INTERNAL CONTROLS

The management of the Corporation has put in place a series of internal control mechanisms to ensure the reporting of complete and accurate accounting information. Procurement of goods and services is strictly done in accordance with the Public Procurement & Disposal Act, 2005. In all operational areas of the Corporation, workflows have been structured in a manner that allows adequate segregation of duties.

AUTHORIZATIONS

All the expenditure of the Corporation must be authorized in accordance with a comprehensive set of the Corporation's policies and procedures. There is a budget which is approved by the Board before commencement of the financial year. The Board receives regular management accounts comparing actual outcomes against budget as a means of monitoring actual financial performance of the Corporation.

INTERNAL AUDIT AND RISK MANAGEMENT

The Internal Audit function is performed by Internal Audit Unit, which is responsible for monitoring and providing advice on the internal control framework. All reports of the Internal Audit are available to the Audit Committee of the Board.

TRANSPARENCY

The Corporation publishes an Annual Report which explains the performance of the Banking sector, membership status and other pertinent information. On an annual basis, the Financial Statements are published in the Kenya Gazette and placed in the website of the Corporation. KDIC shared its 2015/2018 Strategic Plan with the stakeholders and will carry out a mid-term review of the implementation status at the end of 2015/2016 financial year.



INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL ON KENYA DEPOSIT INSURANCE CORPORATION

We have audited the accompanying financial statements of Kenya Deposit Insurance Corporation, set out on pages 5 to 30, which comprise the statement of financial position at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenya Deposit Insurance Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the company's preparation of financial statements that give a true and fair view in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of financial affairs of the corporation as at 30 June 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenya Deposit Insurance Act.

*The engagement partner responsible for the audit resulting in this independent auditors' report is
CPA Fred Aloo P/No 1537.*

**Certified Public Accountants (Kenya)
Nairobi, Kenya. 2016**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 KShs'000	2015 KShs'000
REVENUE			
Assessment income	4	3,602,049	3,033,387
Investment income	5	7,148,479	5,466,351
Other income	6	54,031	111,044
		-----	-----
		10,804,559	8,610,782
		-----	-----
EXPENSES			
Deposit payoffs	7	120,707	-
Administration and establishment	8	314,539	280,424
		-----	-----
SURPLUS FOR THE YEAR		10,369,313	8,330,358
Other comprehensive income		-	-
		-----	-----
TOTAL COMPREHENSIVE INCOME		10,369,313	8,330,358
		=====	=====

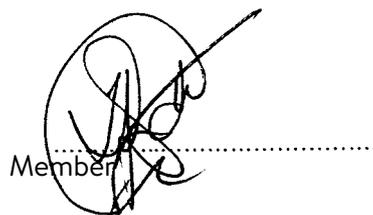
The notes set out on pages 44 to 68 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2016

	Note	2016 KShs'000	2015 KShs'000
ASSETS			
Non-current assets			
Property and equipment	9	74,651	53,311
Intangible assets	10	89,392	17,215
Prepaid operating lease rentals	11	3,119	3,218
Investment	12	-	100
Government securities	13	26,393,349	28,640,558
		-----	-----
		26,560,511	28,714,402
		-----	-----
Current assets			
Receivables and prepayments	14	24,750	10,838
Inventories	15	2,530	-
Government securities	13	38,717,503	26,120,916
Cash and bank balances	16	143,592	115,375
		-----	-----
		38,888,375	26,247,129
		-----	-----
TOTAL ASSETS		65,448,886	54,961,531
		=====	=====
FUND BALANCE AND LIABILITIES			
Fund balance		65,283,430	54,914,117
		-----	-----
Current liabilities			
Payables and accruals	17	143,908	20,858
Due to related party	18	2,390	2,609
Deferred income	19	19,158	23,947
		-----	-----
		165,456	47,414
		-----	-----
TOTAL FUND BALANCE AND LIABILITIES		65,448,886	54,961,531
		=====	=====

The financial statements on pages 29 to 68 were approved by the Board of Directors on 31st August 2016 and were signed on its behalf by:


Chairman


Member

The notes set out on pages 44 to 68 form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED 30TH JUNE 2016

	Fund balance KShs'000
2016:	
At 1 July 2015	54,914,117
Surplus for the year	<u>10,369,313</u>
At 30 June 2016	<u>65,283,430</u>
2015:	
Balance at 1 July 2014	46,583,759
Surplus for the year	<u>8,330,358</u>
Balance at 30 June 2015	<u>54,914,117</u>

The notes set out on pages 44 to 68 form an integral part of these financial statements.

REPUBLIC OF KENYA

Telephone: +254-20-542330
 Fax: +254-20-311482
 E-mail: oug@ougkenya.go.ke
 Website: www.ougkenya.go.ke



P.O. Box 30084-00100
 NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA DEPOSIT INSURANCE CORPORATION FOR THE YEAR ENDED 30 JUNE 2016
REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Kenya Deposit Insurance Corporation set out on pages 5 to 30, which comprise the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by Deloitte & Touché, auditors appointed under Section 23 of the Public Audit Act, 2015 and in accordance with the provisions of Article 229 of the Constitution of Kenya. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Management's Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The directors are also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and

Kenya Deposit Insurance Corporation – Annual Report and Financial Statements for the year ended 30 June 2016

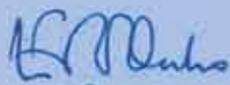
that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Deposit Insurance Corporation as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Kenya Deposit Insurance Act, 2012.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

27 September 2016

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 KShs'000	2015 KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		10,369,313	8,330,358
Adjustment for:			
Depreciation of property and equipment	9	11,451	10,011
Amortisation of prepaid operating lease rentals	11	99	99
Gain on disposal of equipment		-	(679)
Loss on transfer of investment	12	100	
Interest income		(7,148,479)	(5,466,351)
		-----	-----
Operating surplus before working capital changes		3,232,484	2,873,438
		=====	=====
Changes in working capital;			
Receivables and prepayments		(13,912)	(1,275)
Inventory		(2,530)	-
Payables and accruals		123,050	9,892
Deferred income		(4,789)	(5,929)
Due to related party		(219)	(16,302)
		-----	-----
Net cash flows generated from operating activities		3,334,084	2,859,824
		=====	=====
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of government securities		(38,476,972)	(27,315,569)
Disposal of government securities		28,444,515	19,111,971
Purchase of intangible assets	10	(72,177)	(17,215)
Purchase of property and equipment	9	(32,791)	(3,752)
Proceeds from disposal of equipment		-	1,030
Interest received		7,148,479	5,466,351
		-----	-----
Net cash flows from investment activities		(2,986,573)	(2,757,184)
		=====	=====
NET INCREASE IN CASH AND CASH EQUIVALENTS		347,511	102,640
CASH AND CASH EQUIVALENTS AT 1 JULY		148,601	45,961
		-----	-----
CASH AND CASH EQUIVALENTS AT 30 JUNE	16	496,112	148,601
		=====	=====

The notes set out on pages 44 to 68 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Application of new and revised International Financial Reporting Standards (IFRSs)

(i) *New standards and amendments to published standards effective for the year ended 30 June 2016*

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan.

According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they affect the re-measurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. If the amount of contribution is dependent on the number of years of service, the entity should reduce service cost by attributing it to the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 (for the gross benefits). If the amount of contribution is independent of the number of years of service, the entity is permitted to either reduce service cost in the period in which the related service is rendered, or reduce service cost by attributing the contributions to the employees' periods of service in accordance with IAS 19 paragraph 70. The amendment requires retrospective application.

The directors of the Corporation do not anticipate that the application of the standard will have a significant impact on the Corporation's financial statements since the Corporation doesn't have a defined benefit plan.

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016*

New and Amendments to standards	Effective for annual periods beginning on or after
IFRS 9	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2017
IFRS 14 Regulatory deferral accounts	1 January 2016
IFRS 16 Leases	1 January 2019
Amendments to IFRS 11	1 January 2016
Amendments to IAS 16 and IAS 38	1 January 2016
Amendments to IAS 16 and IAS 41	1 January 2016

(ii) *Relevant new and revised IFRSs in issue but not yet effective for the year ended 30 June 2016*

IFRS 9 Financial Instruments

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for

- a) The classification and measurement of financial assets and financial liabilities
- b) Impairment methodology
- c) General hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that
 - (i) is held within a business model whose objective is to collect the contractual cash flows and
 - (ii) Has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- A debt instrument that
 - (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and
 - (ii) Has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at FVTPL.
- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and de-recognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. The presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. Hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

The directors of the Corporation anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the bank's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body. The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption is permitted.

The application of this standard will have no material impact on the disclosures or on the amounts recognised in the Corporation's financial statements.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors of the corporation anticipate IFRS 16 will be adopted in the Corporation's financial statements for the annual period beginning 1 January 2019. The directors of the Corporation have not analysed the impact of the adoption of IFRS 16 on its financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (continued)

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Corporation uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively.

The directors of the Corporation do not anticipate that the application of the standard will have a significant impact on the Corporation's consolidated financial statements.

Annual Improvements 2010-2012 Cycle

The Annual Improvements to IFRSs 2011-2014 Cycle include a number of amendments to various IFRSs, which are summarised below:

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a Corporation of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of IAS 40; and
- (b) the transaction meets the definition of a business combination under IFRS 3

The directors of the Corporation do not anticipate that the application of these amendments will have a significant impact on the Corporation's financial statements.

(iii) *Early adoption of standards*

The Corporation did not early-adopt any new or amended standards in 2016.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Revenue recognition

Assessed income comprises contributions levied to the contributory institutions and is recognized in the period when they are receivable. Such contributions are assessed at a rate of 0.15 per cent of the average of the institutions' total deposit liabilities during the period of 12 months prior to the date of levy notice. Interest income is recognized in the profit or loss for all interest earning instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupon earned and unamortized discount and premium.

b. Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the reporting date. Resulting exchange differences are recognised in profit or loss for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of transaction.

c. Provisions for payments to depositors

Provisions for payments to protected depositors are recognized in the financial statements in the period the contributory institutions are placed under liquidation. Any payments that exceed the provisions made are taken into account in determining operating profit. Provisions that relate to unclaimed protected deposits are written back to income on expiry of the statutory notice period.

d. Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

e. Employee entitlements

Employee entitlements are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The Corporation's employees are eligible for retirement benefits under a defined benefit plan provided through a separate fund. The defined benefit plan is funded by the Corporation and the Central Bank, the main sponsor. The retirement benefit asset is wholly recognized in the financial statements of the Central Bank while the Corporation recognizes contributions to the fund as if it were a defined contribution scheme by charging them to the profit and loss account in the year to which they relate. The Corporation also contributes to a statutory defined contribution Pension Scheme, the

National Social Security Fund (NSSF). The Corporation's contributions are charged to the profit or loss in the year to which they relate. The Corporation has no further obligation once the contributions have been paid.

f. Taxation

The Corporation's income is not subject to corporation tax as it has been granted exemption by the statute. Therefore no provision for current tax or deferred tax is made in the financial statements.

g. Financial assets and liabilities

(i) Recognition

The Corporation recognizes all financial assets and liabilities on the trade date at which the Corporation becomes a party to the contractual provision of the instrument. A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

Subsequently, held-to-maturity investments and loans and receivables are measured at amortised cost.

(ii) Classification

The Corporation classifies its financial assets in the held-to-maturity and receivables category. The Corporation classifies its financial liabilities as measured at amortised cost. Management determines the classification of its investments at initial recognition.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. Were the Corporation to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale. These include investment in government securities.

Other financial liabilities

Other financial liabilities are measured at amortised cost. These include other payables and amounts due to related companies.

(iii) Identification and measurement of impairment of financial assets

At each reporting date the Corporation assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the carrying amount.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognized

in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

(iv) Derecognition

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Corporation enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position.

(v) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a Corporation of similar transactions such as in the Corporation's trading activity.

(vi) Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

h. Impairment for non-financial assets

The carrying amounts of the Corporation's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Corporation that generates cash flows that largely are independent from other assets and Corporations. Impairment losses are recognized in profit or loss. Impairment losses recognized

in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Corporation of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

i. Investment held for sale

Investment held for sale relates to investment in a subsidiary which is accounted for under IFRS 5 'Non-current assets held for sale and discontinued operations'. The investment is stated at the lower of its carrying amount and the fair value less costs to sell. The investment was disposed of in the year and hence not included in the balances as at 30 June 2016.

j. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and government securities maturing within 91 days from the date of issue.

k. Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment as follows:

Long term leasehold land	over the lease period
Buildings	2%
Computer equipment	33.33%
ICT Equipment	20%
Office equipment, furniture and fittings	20%
Motor vehicles	25%

Depreciation methods, useful lives and residual values are reassessed and adjusted, if appropriate, at each reporting date. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are recognized in profit or loss in the year in which they arise.

l. Related parties

In the normal course of business, the Corporation has entered into transactions with related parties. The related party transactions are at arm's length.

m. Grants

Other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Corporation will comply with the conditions. The grants are amortised at the rate of 20% per annum on a reducing balance over a useful life of 5 years.

n. Inventory

Inventory comprises of stationery and other consumables. Inventories are stated at cost.

2. RISK MANAGEMENT

i. Structure and Reporting

The Board of Directors are responsible for the overall risk management approach and for approving the risk management policy and strategies. There are other organs that monitor the assessment and management of risks within the Corporation including;

ii. Audit Committee of the Board

The Audit Committee assists the Board in the fulfillment of its oversight responsibilities. The Committee guides and monitors the implementation of controls by the Corporation.

iii. Deposit Insurance and Risk Management Section

The Corporation has an established Deposit Insurance & Risk Management Section that receives off-site information on deposits from member institutions for analysis and works closely with Central Bank of Kenya to monitor the performance of the Banking industry.

iv. Internal Audit and Risk Management Unit

The operations of the Corporation are subject to internal audit by the Internal Audit Unit of the Kenya Deposit Insurance Corporation. The Internal Audit Unit employs full scope audit approach in planning and carrying out its audit engagements. The business processes are assessed with regard to business continuity procedures, physical safety, system safety, conformity to legal requirements and regulations, sufficiency of human resources and information safety. In addition, the financial risks and reputation risks are also determined.

Controls that are designed to reduce these risks to acceptable levels are assessed in terms of sufficiency and effectiveness; additional controls are recommended in order to increase effectiveness.

The main risks faced by the Corporation in respect of its principal non-derivative financial instruments are interest rate risk and liquidity risk. The directors review and agree on policies for managing these risks. The Corporation maintains a conservative policy regarding interest rate and liquidity risks. The Corporation does not engage in speculation in the markets. In addition, the Corporation does not speculate or trade in derivative financial instruments.

The Corporation's principal financial instruments comprise investments held to maturity; cash and cash equivalents; receivables; payables and accruals and amounts due to related parties.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables, government securities and cash and bank balances. The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer and investment.

The Corporation establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Corporations of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 KShs'000	2015 KShs'000
Receivable	24,750	10,838
Impairment losses recognised in the year (Note 8(b))	-	-
Government securities	65,110,852	54,761,474
	-----	-----
	65,135,602	54,772,312
	=====	=====
The aging of receivables at the reporting date was:		
Not past due	10,416	6,061
Past due 0 – 30 days	2,055	3,299
Past due 31 – 90 days	3,207	357
Past due above 90 days	9,072	1,121
	-----	-----
	24,750	10,838
	=====	=====

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2016 KShs'000	2015 KShs'000
Balance at 1 July	-	102,345
Made in the year	-	-
Write backs	-	(102,345)
	-----	-----
Balance at 30 June	-	-
	=====	=====

2. RISK MANAGEMENT (CONTINUED)**(b) Market Risk****(i) Interest rate risk management**

Interest rate risk is the risk that the value and cash flows of a financial instrument will fluctuate due to changes in market interest rates. Excess funds held by the Corporation are invested in Treasury bills and Treasury bonds.

The following table sets out the carrying amount by maturity, of the Corporation's financial instruments that are exposed to interest rate risk:

2016:	Effective interest rate	Upto 1 year KShs'000	1 – 5 years KShs'000	6 – 10 years KShs'000	Over 10 years KShs'000	Total KShs'000
Investments held to maturity	10.98%	38,717,503	15,794,324	4,278,249	6,320,776	65,110,852
		-----	-----	-----	-----	-----
Interest sensitivity gap						
At 30 June 2016		38,717,503	15,794,324	4,278,249	6,320,776	65,110,852
		=====	=====	=====	=====	=====
2015:						
Investments held to maturity	10.79%	26,120,916	6,424,662	15,204,124	7,011,772	54,761,474
		-----	-----	-----	-----	-----
Interest sensitivity gap						
At 30 June 2015		26,120,916	6,424,662	15,204,124	7,011,772	54,761,474
		=====	=====	=====	=====	=====

2. RISK MANAGEMENT (CONTINUED)

(b) Market Risk (continued)

(i) Interest rate risk management (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, on the Corporation's surplus. The sensitivity computations assume that financial assets maintain a constant rate of return from one year to the next.

	2016 KShs'000	2015 KShs'000
Effect on surplus for the year of a +5% change in interest rates	3,255,543	2,738,074
Effect on surplus for the year of a -5% change in interest rates	(3,255,543) =====	(2,738,074) =====

(ii) Currency risk

The Corporation operates wholly within Kenya and its assets and liabilities are reported in the local currency. It does not transact in foreign currencies.

(c) Liquidity risk management

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations from its financial liabilities. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. In the course of its operations the Corporation invests its capital in forms that vary in liquidity ranging from government securities that are readily convertible and sundry receivables. Simultaneously it carries current liabilities in form of provisions for protected deposits, sundry payables and related party liabilities. The entity matches its current assets to the current liabilities falling due to mitigate the risk of low liquidity.

The Corporation's financial liabilities amount to KSh 146,298,000 (2015 – KSh 29,877,000) and are all short term.

2. RISK MANAGEMENT (CONTINUED)**(d) Fair value**

The fair value of financial assets and liabilities is the same as the carrying amounts as shown in the statement of financial position:

	Other financial liability	Loans and receivables	Held to maturity	Fair value	Total carrying value	Fair value
	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000
2016:						
Financial assets						
Government securities	-	-	65,110,852	-	65,110,852	65,110,852
Investment held for sale	-	-	-	-	-	-
Cash and bank balances	-	143,592	-	-	143,592	143,592
Receivables	-	24,750	-	-	24,750	24,750
		168,342	65,110,852	-	65,279,194	65,279,194
Financial liabilities						
Amounts due to related parties	2,390	-	-	-	2,390	2,390
Payables and accruals	143,908	-	-	-	143,908	143,908
	146,298	-	-	-	146,298	146,298
2015:						
Financial assets						
Government securities	-	-	54,761,474	-	54,761,474	54,761,474
Investment held for sale	-	-	-	100	100	100
Cash and bank balances	-	115,375	-	-	115,375	115,375
Receivables	-	10,838	-	-	10,838	10,838
	-	126,213	54,761,474	100	54,887,787	54,887,787
Financial liabilities						
Amounts due to related parties	2,609	-	-	-	2,609	2,609
Payables and accruals	20,858	-	-	-	20,858	20,858
	23,467	-	-	-	23,467	23,467

2. RISK MANAGEMENT (CONTINUED)

(e) Capital management

The primary objectives of the Corporation's capital management are to ensure that the Corporation maintains healthy capital ratios in order to support its business and to maximize the value for the insured depositors in member institutions. The Corporation manages its Fund and makes adjustments to it, as per the requirements of the Banking Act. The total accumulated Fund as at 30th June 2016 was KShs. 65,283 million (2015 – KShs. 54,914 million).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

(i) *Property and equipment*

Critical estimates are made by the management in determining depreciation rates for property and equipment. The rates used are set out in the accounting policy for property and equipment.

(ii) *Impairment of receivables*

The Corporation reviews its receivables' portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable especially debts incurred by institutions under liquidation.

(b) Critical judgements in applying the entity's accounting policies

In the process of applying the Corporation's accounting policies, management has made judgements in determining whether assets are impaired.

4. ASSESSMENT INCOME

	2016 KShs'000	2015 KShs'000
Total average deposits of institutions Assessed as contributors	2,399,766,066 =====	2,020,657,850 =====
0.15% of total average deposits	3,599,649	3,030,987
Minimum contribution from 8 Deposit Taking Microfinance (DTM) (2015 – 8)	2,400 -----	2,400 -----
Total assessment income	3,602,049 =====	3,033,387 =====

5. INVESTMENT INCOME	2016 KShs'000	2015 KShs'000
(i) Interest earned on treasury bills		
Discount on 91 day treasury bills	85,683	18,481
Discount on 182 day treasury bills	62,838	5,647
Discount on 364 day treasury bills	3,114,098	1,734,468
	-----	-----
	3,262,619	1,758,596
	-----	-----
(ii) Interest earned on treasury bonds		
Matured bonds	3,780,526	3,604,140
Discount on purchase	133,011	128,262
Amortisation of premium	(27,677)	(24,647)
	-----	-----
	3,885,860	3,707,755
	-----	-----
Total investment income	7,148,479	5,466,351
	=====	=====
6. OTHER INCOME		
Recoveries from subrogated claims	38,908	776
Gain on disposal of assets	-	738
Penalty charges on late contributions	983	786
Miscellaneous income	397	412
Recoveries from institutions in liquidation	-	102,345
Grant income	13,743	5,987
	-----	-----
	54,031	111,044
	=====	=====
7. DEPOSIT PAYOFFS		
Deposit payoffs	120,707	-
	=====	=====

Deposit payoffs relate to the payment of insured deposits to the depositors of Dubai Bank Limited. Pursuant to the provisions of Sections 43(1), 43(2) and 53(1) of the Kenya Deposit Insurance Act, 2012, Kenya Deposit Insurance Corporation was appointed by Central Bank of Kenya on 14 August 2016 as the receiver of Dubai Bank Kenya Limited and subsequently the liquidator.

8. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	2016 KShs'000	2015 KShs'000
Staff costs	170,747	180,557
Depreciation	11,451	10,011
Lease amortization	99	99
Grant amortisation	4,780	4,743
Loss on transfer of investment	100	-
Auditors remuneration	1,669	1,481
Directors' emoluments - fees	12,966	7,699
Occupancy costs	18,482	16,413
Other expenses	94,245	59,421
	-----	-----
	314,539	280,424
	=====	=====

9. PROPERTY AND EQUIPMENT

	Building Sh'000	Furniture & fittings Sh'000	Office & kitchen equipment Sh'000	Motor vehicles Sh'000	Computers Sh'000	ICT equipment Sh'000	Total Sh'000
COST							
At 1 July 2014	16,740	21,769	11,151	11,659	8,394	43,914	113,627
Additions	325	1,339	288	-	1,800	-	3,752
Disposals	-	-	-	(3,893)	(59)	-	(3,952)
	-----	-----	-----	-----	-----	-----	-----
At 30 June 2015	17,065	23,108	11,439	7,766	10,135	43,914	113,427
	-----	-----	-----	-----	-----	-----	-----
At 1 July 2015	17,065	23,108	11,439	7,766	10,135	43,914	113,427
Additions	2,159	844	8,476	6,921	3,562	10,829	32,791
	-----	-----	-----	-----	-----	-----	-----
At 30 June 2016	19,224	23,952	19,915	14,687	13,697	54,743	146,218
	-----	-----	-----	-----	-----	-----	-----
DEPRECIATION							
At 1 July 2014	4,418	11,720	8,339	8,090	7,087	14,052	53,706
Charge for the year	374	1,286	602	819	958	5,972	10,011
Disposals	-	-	-	(3,601)	-	-	(3,601)
	-----	-----	-----	-----	-----	-----	-----
At 30 June 2015	4,792	13,006	8,941	5,308	8,045	20,024	60,116
	-----	-----	-----	-----	-----	-----	-----
At July 2015	4,792	13,006	8,941	5,308	8,045	20,024	60,116
Charge for the year	421	1,276	1,100	2,345	1,170	5,139	11,451
	-----	-----	-----	-----	-----	-----	-----
At 30 June 2016	5,213	14,282	10,041	7,653	9,215	25,163	71,567
	-----	-----	-----	-----	-----	-----	-----
NET BOOK VALUE							
At 30 June 2015	12,273	10,102	2,498	2,458	2,090	23,890	53,311
	=====	=====	=====	=====	=====	=====	=====
At 30 June 2016	14,011	9,670	9,874	7,034	4,482	29,580	74,651
	=====	=====	=====	=====	=====	=====	=====

10 INTANGIBLE ASSET – WORK IN PROGRESS

	2016 KShs'000	2015 KShs'000
Cost		
At 1 July	17,215	-
Additions	72,177	17,215
	-----	-----
At 30 June	89,392	17,215
	-----	-----
Amortisation		
At 1 July and 30 June	-	-
	-----	-----
Carrying value at 30 June	89,392	17,215
	=====	=====

Work in progress relates to the costs towards the development of an integrated information technology (IT) system.

11. PREPAID OPERATING LEASE RENTALS

	2016 KShs'000	2015 KShs'000
Cost		
At 1 July and 30 June	4,522	4,522
	-----	-----
Amortisation		
At 1 July	1,304	1,205
Amortisation for the year	99	99
	-----	-----
At 30 June	1,403	1,304
	-----	-----
Carrying value at 30 June	3,119	3,218
	=====	=====

12. INVESTMENT

Investment in Consolidated Bank of Kenya Limited 10,000,000 ordinary shares of KShs. 20 each	200,000	200,000
Provision for diminution in value	(199,900)	(199,900)
Transfer of shares to the National Treasury	(100)	-
	-----	-----
	-	100
	=====	=====

The Corporation owned 10,000,000 ordinary shares of the Consolidated Bank of Kenya Limited that were acquired using a grant from the National Treasury for KDIC/DPFB to resolve a banking crisis at that time. The shares were held in Trust on behalf of the National Treasury. At the time of acquisition of the investment, the Banking Act allowed the Corporation to acquire, hold or dispose shares of an institution that might otherwise result in a loss to the Corporation. The Banking Act was later amended and now prevents the Corporation from holding investments other than in government securities.

The Government, through the National Treasury had planned to privatise Consolidated Bank and had therefore directed the Privatisation Commission to explore and advice on how the shares are to be sold. The investment had therefore been classified as held for sale. Due to this, the requirement for consolidation on IAS 27 did not apply. The KDIC Board of Directors passed a resolution to transfer all the shares held in the Bank to the National Treasury pending their sale to third parties. The transfer was effected in December 2015.

13. GOVERNMENT SECURITIES

	2016 KShs'000	2015 KShs'000
Treasury bills maturing within 91 days of placement (Note 17)	352,520	33,226
Treasury bills maturing after 91 days from date of placement	31,194,472	20,584,469
Treasury bonds maturing within 1 year	7,170,511	5,503,221
Treasury bonds maturing after 1 year	26,393,349	28,640,558
	-----	-----
	65,110,852	54,761,474
	=====	=====
Comprising:		
Maturing within 1 year	38,717,503	26,120,916
Maturing after 1 year	26,393,349	28,640,558
	-----	-----
	65,110,852	54,761,474
	=====	=====

The weighted average effective interest rate on held to maturity investments as at 30 June 2016 was 12.1% (2015 – 10.79%).

14. RECEIVABLES AND PREPAYMENTS

	2016 KShs'000	2015 KShs'000
(a) Receivables and prepayments		
Receivables and prepayments	24,750	10,838
Provision for impairment losses (Note 9(b))	-	-
	-----	-----
	24,750	10,838
	=====	=====
(b) Provisions for impaired receivables		

As at 30 June 2016, there was no provision for receivables (2015 - nil).

	2016 KShs'000	2015 KShs'000
At 1 July	-	102,345
Additional provision	-	-
Recoveries	-	(102,345)
	-----	-----
At 30 June (Note 9(a))	-	-
	=====	=====

15. INVENTORIES

	2016 KShs'000	2015 KShs'000
Inventories	2,530	-
Inventories comprises of stationery and other consumables.	=====	=====

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts:

	2016 KShs'000	2015 KShs'000
Treasury bills maturing within 91 days from the date of placement (Note 13)	352,520	33,226
Cash and bank balance	143,592	115,375
	-----	-----
	496,112	148,601
	=====	=====

17. PAYABLES AND ACCRUALS

	2016 KShs'000	2015 KShs'000
Provision for deposit payoffs	70,580	-
Sundry payables and accruals	73,328	20,858
	-----	-----
	143,908	20,858
	=====	=====

18. DUE TO RELATED PARTY

	2016 KShs'000	2015 KShs'000
Due to Central Bank of Kenya	2,390	2,609
	=====	=====

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Central Bank of Kenya and the Corporation are related parties, performing connected duties of bank supervision and deposit protection respectively.

19. DEFERRED INCOME

	2016 KShs'000	2015 KShs'000
Unamortised grant income	19,158	23,947
	=====	=====

Amount relates to deferred grant income received under the Financial and Legal Sector Technical Assistance Project (FLSTAP) in relation to the ICT project. FLSTAP had purchased ICT servers for KDIC. The ICT servers are currently in use by the Corporation in the ICT project commissioned in 2013/2015. The amounts are therefore amortised at the rate of 20% per annum on a reducing balance over a useful life of 5 years.

20. RELATED PARTY TRANSACTION

The Central Bank of Kenya and the Corporation are related parties, performing connected duties of bank supervision and deposit protection respectively. No trading is carried with the Central Bank. The following transactions however take place between the two organisations:

	2016 KShs'000	2015 KShs'000
(a) Directors' emoluments and senior management remuneration		
Fees to directors	12,966	7,699
Remuneration to senior management	60,284	55,718
	=====	=====
(b) Cash and balances held with Central Bank of Kenya	143,592	115,375
	=====	=====

- (c) The staff of the Corporation are contractually employees of the Central Bank but seconded to the Corporation. Salaries of these staff are met by the Central Bank and fully reimbursed by the Corporation. In the year, salaries paid to staff by the Central Bank amounted to KShs. 170.747 million (2015 - KShs. 168.5 million).
- (d) The Central Bank is also the sponsor of the CBK Staff Pension Fund to which the Corporation contributes on behalf of employees seconded to it from the Central Bank. In the year, the Corporation's contribution to the Fund amounted to KShs. 13.16 million (2015 - KShs. 12.06 million).
- (e) The CBK Staff Pension Fund provides the Corporation with office space and charges it rent. The Corporation also reimburses maintenance costs incurred by the Central Bank on its behalf. In the year, rent and maintenance costs charged amounted to KShs. 18.42 million. (2015 - KShs. 16.41 million).

21. COMMITMENTS

(a) Capital commitments

	2016 KShs'000	2015 KShs'000
Authorised but not contracted for	71,923 =====	202,460 =====

Capital commitments authorised relates mainly to Office furniture, office equipment, ICT project infrastructure costs, motor vehicle, godown capital costs including the CCTV network connections.

(b) Operating lease commitments

	2016 KShs'000	2015 KShs'000
Falling due within one year	28,324	18,728
Falling due between one and five years	-	19,007
	-----	-----
	28,324 =====	37,735 =====

During the financial year ended 30 June 2016, KShs. 18.48 million (2015 - KShs. 16.4 million) was recognized as rental expense.

22. CONTINGENT LIABILITIES

Litigation

Mr. Ajay Shah (former Managing Director of Trust Bank Limited) filed a case in 2002 claiming general damages and special damages amounting to KShs. 144 million against Trust Bank Limited (In Liquidation) and the Corporation on allegations of defamation and publication of malicious false statements. The suit is pending hearing. No provision has been made in the financial statements because, in the opinion of the directors, the claim is unlikely to succeed and KDIC is sued as the Liquidator of Trust Bank Ltd (IL). Therefore, in case judgment is entered against KDIC, the costs shall be paid by Trust Bank Ltd (IL).

In the recent past, Mr. Ajay Shah won an appeal on malfeasance matter and is demanding an award of Ksh. 220m in damages and costs. An appeal has been filed in the Supreme Court and in the opinion of the Directors, if the judgment is passed in favor of Mr. Ajay Shah, Trust Bank Ltd (IL), will meet the requisite costs.

23. CURRENCY

These financial statements are presented in Kenya Shillings (KShs), which is the Corporation's functional currency.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

The mission of Kenya Deposit Insurance Corporation (KDIC) is to promote stability in the Financial Sector by providing a deposit insurance scheme for depositors of member institutions. In fulfilling this important mandate, KDIC also recognises the need to make a positive contribution to the welfare of the society and to this end, The Chairman's Philanthropic Fund was created in furtherance of the Corporate Social Responsibility.

In the year under review, KDIC Philanthropic Fund extended financial support to needy projects all over the country to educational, orphanages and health institutions. Some of the beneficiaries include The Nairobi Hospice, FARAJA 2014- Nairobi, Hope and

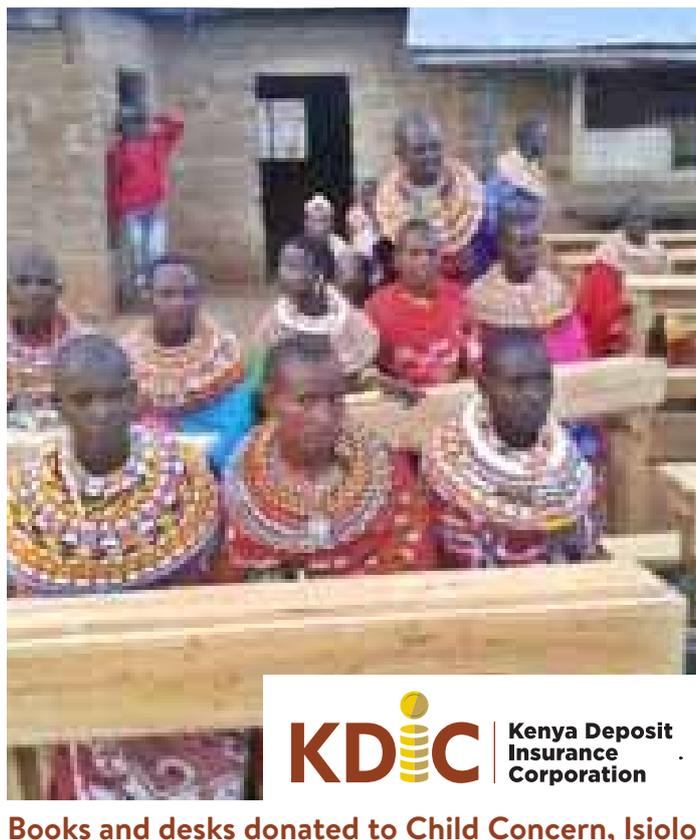
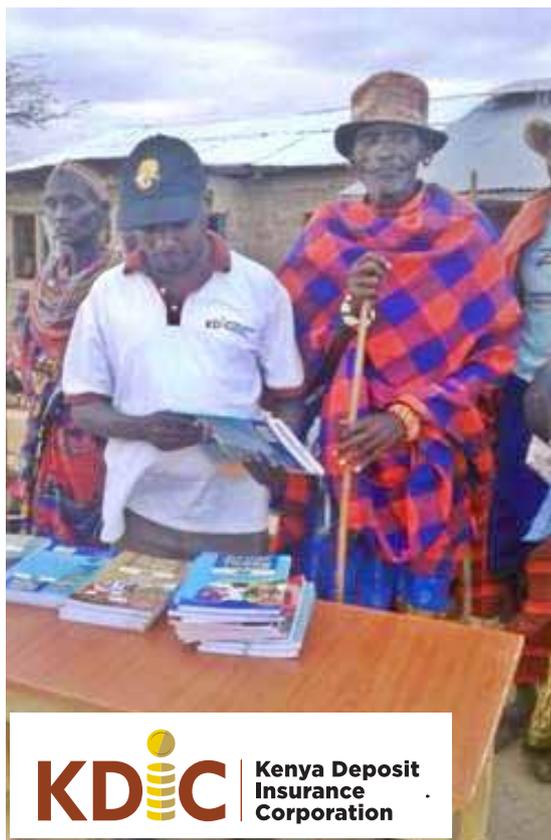
Faith Center for the Disabled- Juja, Jaipur Foot Trust, Turkana Child Education Support Programme, Agency for Sustainable Poverty Eradication and Community Transformation – Garissa, Friends Kaimosi Special School-Vihiga, Ndoleeli CBO-Meru, Child Concern-Lsiolo, Rays of Hope-Kericho, Limuru Children Centre and KI-GI Quakers CBO-Vihiga.

KDIC also participated in a tree planting exercise at Kariko Secondary School, Nyeri in support of environmental sustainability as part of its strategic initiatives.

KDIC shall continue to support needy projects with the vision of making a difference to society.



Laptops contributed by KDIC to the Federation of Deaf Women Empowerment Network, Nyeri.



Books and desks donated to Child Concern, Isiolo.



Tree planting exercise at Kariko Secondary School, Nyeri to promote environmental stability. More than 100 trees were planted.

APPENDIX I

COMMERCIAL BANKS AND OTHER FINANCIAL INSTITUTIONS ASSESSED CONTRIBUTORS FOR THE YEAR ENDED 30TH JUNE 2016

COMMERCIAL BANKS

1. African Banking Corporation Limited
2. Bank of Africa Kenya Limited
3. Bank of Baroda (K) Limited
4. Bank of India Limited
5. Barclays Bank of Kenya Limited
6. CFC Stanbic Bank Limited
7. Charterhouse Bank Limited
8. Chase Bank Limited (In Receivership)
9. Citibank N.A.
10. Commercial Bank of Africa Limited
11. Consolidated Bank of Kenya Limited
12. Co-operative Bank of Kenya Limited
13. Credit Bank Limited
14. Development Bank of Kenya Limited
15. Diamond Trust Bank of Kenya Limited
16. Ecobank Kenya Limited
17. Equity Bank Limited
18. Family Bank Limited
19. Fidelity Commercial Bank Limited
20. First Community Bank Limited
21. Giro Commercial Bank Limited
22. Guaranty Trust Bank Kenya Limited
23. Guardian Bank Limited
24. Gulf African Bank Limited
25. Habib Bank A.G. Zurich
26. Habib Bank Limited
27. I & M Bank Limited
28. Imperial Bank Limited (In Receivership)
29. Jamii Bora Bank Limited
30. Kenya Commercial Bank Limited
31. Middle East Bank Kenya Limited
32. M-Oriental Bank Limited
33. National Bank of Kenya Limited
34. NIC Bank Limited
35. Paramount Universal Bank Limited
36. Prime Bank Limited
37. Sidian Bank Limited
38. Spire Bank Limited
39. Standard Chartered Bank of Kenya Limited
40. Transnational Bank Limited
41. UBA Kenya Bank Limited
42. Victoria Commercial Bank Limited
43. Housing Finance Company of Kenya Limited

APPENDIX II

COMMERCIAL BANKS AND OTHER FINANCIAL INSTITUTIONS ASSESSED CONTRIBUTORS FOR THE YEAR ENDED 30TH JUNE 2016

MICRO FINANCE INSTITUTIONS

1. Caritas Microfinance Bank Limited
2. Century Microfinance Bank Limited
3. Choice Microfinance Bank Limited
4. Daraja Microfinance Bank Limited
5. Faulu Microfinance Bank Limited
6. Kenya Women Microfinance Bank Limited
7. Rafiki Microfinance Bank Limited
8. REMU Microfinance Bank Limited
9. SMEP Microfinance Bank Limited
10. Sumac Microfinance Bank Limited
11. U & I Microfinance Bank Limited
12. Uwezo Microfinance Bank Limited

APPENDIX III

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
1. African Banking Corporation P.O Box 13889-00800, Nairobi Tel, +254-20- 4263000, 4447352, 4447353 2223922, Website: http://www.abcthebank.com	Richard Omwela	Non-Executive -Chairman	13	Deloitte & Touche
	Shamaz Savani	Executive - Group MD		
	Ashraf Savani	Non-Executive		
	Joseph Kamande Muiruri	Non-Executive		
	Anil Ishani	Non-Executive		
	Alban Mwendar	Non-Executive		
	Sridhar Natarajan	Executive -Group CEO		
2. Bank of Africa Kenya Ltd P. O. Box 69562-00400 Nairobi Tel- +254-20- 3275000 Website: www.boakenya.com	Ambassador Dennis Awori	Non-Executive-Chairman	42	KPMG Kenya
	Amine Bouabid	Non-Executive		
	Vincent De Brouwer	Non-Executive		
	Bernardus A. M. Zwinkels	Non-Executive		
	Abdelkadir Bennani	Non-Executive		
	Susan Kasinga	Non-Executive		
	Eunice Mbogo	Non-Executive		
	Ronald Marambii	Executive		
3. Bank of Baroda Baroda House 29, Koinange Street P. O Box 30033 - 00100 Nairobi Tel- +254-20-2248402/12, 2248402/12 Website: www.bankofbaroda.kenya.com	Mr. Yatish Chander Tewari	Executive Managing Director	13	Grant Thornton-Pending approval
	Mr. Eric Francis Tucker	Non-Executive		
	Mr. Patrick Kariuki Njoroge	Non-Executive (Independent)		
	Mr. Philip Burh	Executive		
	Ms. Winifred N. Karugu	Non-Executive (Independent)		
4. Bank of India P. O. Box 30246 - 00100 Nairobi Tel. +254-20-2221414 /5 /6 Website: www.bankofindia.com Website: www.boikenya.com	A. K. Azad	Executive - CEO	6	Grant Thornton
	Manubhai Chandaria	Advisory Committee		
	Mary W. Ngatia	Advisory Committee		
	A. N. Ngugi	Advisory Committee		
	M. K. Srivastava	Executive		
	Joseph K. Muiruri	Advisory Committee		

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
5. Barclays Bank of Kenya P. O. Box 30120 – 00100, Nairobi Tel- +254-20- 4254000, 4256000 Email: barclays.kenya@barclays.com Website: www.barclays.co.ke	Francis Okomo-Okello	Non-Executive -Chairman	119	PricewaterhouseCoopers
	Philip Kinisu (Appointed Aug 2015 / Resigned Jan 2016)	Non-Executive		
	Jeremy Edward Awori	Executive -MD		
	Rose N. Ogega (Resigned July, 2015)	Non-Executive		
	Ashok K. M. Shah	Non-Executive		
	Winnie Ouko	Non-Executive		
	Norah Odwesso	Non-Executive		
	Laila Macharia	Non-Executive		
	Yusuf Omari	Executive-Director		
	Patricia Ithau (Appointed February 2016)	Executive -Director		
Paul K Ndungi	Company Secretary			
6. Stanbic Bank Ltd P. O. Box 72833 - 00200 Nairobi Tel- +254-20-3638000. /11/17/18/20/21, Email: customercare@stanbic.com	Fred N Ojiambo	Independent Non-Executive Director- Chairman	26	PricewaterhouseCoopers
	Greg R Brackenridge	Executive		
	Philip Odera	Executive -		
	Mike Blades	Executive Director		
	Kitili Mbathi	Non-Executive Director		
	Christopher Blandford-Newson	Non-Executive Director		
	Edward Njoroge	Non-Executive Director		
	Rose W Kimotho	Non-Executive Director		
	Peter Gethi	Non-Executive Director		
	Ruth T Ngobi	Non-Executive Director		
7. Charterhouse Bank P.O BOX 43252-00100 NAIROBI TEL-242246-53	Manjunath Prabhu	General Manager	10	KPMG
	Mehraz Ehsani	Non-Executive Director		
	Sanjay Ramniklal Shah	Managing Director		
	Manoj Ramjklal	Non-Executive Director		
	Atul Kumar Shah	Non-Executive Director		
	Hamed Ehsani	Non-Executive Director		
8. Chase Bank P O Box 66049-00800, Nairobi TEL- +254 730 175 000 + 254 709 800 000 Email: info@chasebank.co.ke	Muthoni Kuria	Non-Executive	49	DELOITTE & TOUCHE
	Rafiq Shariff	Non-Executive		
	Richard Carter	Non-Executive		
	Anthony F Gross	Non-Executive		
	Laurent Demey	Non-Executive		
	Zafrullah Khan	Chairman		
	Duncan Kabui	Executive		
	Paul Njaga	Executive		

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
9. Citibank N.A P.O. ox 30711-00100 Nairobi TEL- +254-20-2754000.2711221	Joyce-Ann Wainaina	General Manager	4	KPMG
	Nathan Njoroge	Mgt Committee		
	Nicholas Kamere	Mgt Committee		
	Paul Njiiri	Mgt Committee		
	Michael Mutiga	Mgt Committee		
	Ignatius Chicha	Mgt Committee		
	John Keru	Mgt Committee		
	Maryanne Mwaura	Mgt Committee		
	Linda Muturi	Mgt Committee		
	Esther Chibesa Maina Kamau	Mgt Committee Mgt Committee		
10. Commercial Bank of Africa P. O. Box 30437 – 00100, Nairobi Tel:- +254-20-2884000, 2734555, Website: www.cbagroup.com	Desterio Oyatsi Andadi	Non-Executive -Chairman	28 branches	PricewaterhouseCoopers
	Isaac Odundo Awuondo	Executive – Group MD	8 Agencies	
	Jeremy Ikindu Ngunze	Executive – CEO Kenya		
	Muhoho Kenyatta	Non-Executive		
	John Stuart Armitage	Non-Executive		
	Nelson Joel Manyeki Mainnah	Non-Executive		
	Mukesh Kanji Rupshi Shah	Ind. Non-Executive		
	Nicholas Alexander Nesbitt	Ind. Non-Executive		
11. Consolidated Bank P. O. Box 51133 - 00200, Nairobi Tel:- +254-20-3215000,340836,340551 Cell: 0703 016 000 Email: tellus@consolidated-bank.com Website: www.consolidated-bank.com	Dr.Benson A. Ateng'	Non-Executive -Chairman	17	Deloitte & Touche
	Thomas Kiyai	Executive - CEO		
	Joseph K. Koskey	Non-Executive		
	Dr. Raymond O. Omollo	Non-Executive		
	Amb. Charles M. Amira	Non-Executive		
	Evans G. Vitisia	Non-Executive		
	Papius K. Muhindi	Non-Executive		
	Miriam Cherogony	Non-Executive		
	Cabinet Secretary- National Treasury	Non-Executive		
	Managing Trustee - NSSF	Non-Executive		

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
12. Co-operative Bank of Kenya P.O. Box 48231-00100 Nairobi Tel- +254-20-3276000 Website: www.co-opbank.co.ke	Stanley C. Muchiri Gideon Maina Muriuki Julius Riungu Lawrence Charo Karissa Macloud Mukiti Malonza Richard L. Kimanthi Wilfred M. Ongoro Julius K. Sitienei Benedict Wekesa Simiyu John Kamau Murugu Rose Kaburo Simani Wanyambura Mwambia	Non-Executive- Chair- man Executive-GMD/CEO Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	140	Ernest & Young
13. Credit Bank P. O. Box 61064-00200 Nairobi Tel:- +254-20-2283000/ 222300, Website: www.creditbank.co.ke	Hon. Simeon Nyachae	Non-Executive -Chair- man	17	Pricewater- houseCoo- pers
	Mr. Chege Thumbi	Chief Executive Officer		
	Mrs. Grace Nyachae	Non-Executive		
	Mr. Moses Mwendwa	Non-Executive		
	Mr. Jay Karia	Non-Executive		
	Mr. Ketan D. Marjaria	Non-Executive		
14. Development Bank P. O. Box 30483 - 00100, Nairobi Tel:- +254-20-340401 /2 /3, 340416, Website: www.devbank.com	Prof. H.K. Mengech	Non-Executive -Chair- man	1	Pricewater- houseCoo- pers
	Victor Kidiwa	Chief Executive		
	P.S. Treasury	Non-Executive		
	I.C.D.C.	Non-Executive		
	Prof. J. H. Kimura	Non-Executive		
	Zephania Mbugua	Non-Executive		
15. Diamond Trust Bank Kenya Limited P. O. Box 61711 - 00200, Nairobi Tel:- +254-20-2849000, 2210988/9 Website: http://www.dtbafrica.com	Abdul Samji	Non-Executive -Chair- man	52	Pricewater- houseCoo- pers
	Nasim Devji	Executive-MD		
	Pamella Ager	Non-Executive		
	Shaffiq Dharamshi	Non-Executive		
	Rizwan Hyder	Non-Executive		
	Moez Jamal	Non-Executive		
	Irfan Keshavjee	Non-Executive		
	Ismail Mawji	Non-Executive		
	Amin Merali	Non-Executive		
	Mwaghazi Mwachofi	Non-Executive		
Jamaludin Shamji	Non-Executive			

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
16. Ecobank Kenya Ltd P. O Box 45626- 00100 Nairobi Tel:- +254-20-2883000, 2249633 /4, Website: www.ecobank.com	Charles Orony Ogalo	Non-Executive	29	PricewaterhouseCoopers
	Simon Mauncho	Non-Executive		
	Surinder Pallan Kapila	Non-Executive		
	Martin Mbogo	Non-Executive		
	Evelyne Tall Samuel Adjei Humphrey Muturi	Non- Executive Managing Director Executive Director		
17. Spire Bank Ltd P.O. Box 52467-00200 Nairobi Tel;- +254-703047777,4981000 www.spirebank.co.ke	Teresia Mutegi	Non-Executive -Chairman	14	KPMG
	Timothy Gitonga	Executive – MD		
	Wanjiru Mwangi	Non-Executive		
	Christine Sabwa	Non-Executive		
	Akif Hamid Butt	Non-Executive		
	Robert Shibusse	Non-Executive		
	Benson N. Milai Wilson Murage	Non-Executive Non-Executive		
18. Equity Bank (Kenya) Ltd P. O. Box 75104-00200, Nairobi Tel:- +254 763 063 000 Website: http://www.ke.equitybankgroup.com	Dr. Peter Kahara Munga	Non-Executive -Chairman	175	Ernst & Young
	Dr. James Njuguna Mwangi	Group MD & CEO		
	Mr. Bhartesh Shah	Executive Director		
	Mr. Dennis Aluanga	Non-Executive		
	Mr. Fredrick Mwangi Muchoki	Non-Executive		
	Mr. David Ansell	Non-Executive		
	Dr. Julius Muia	Non-Executive		
	Prof. Shem Migot-Adholla	Non-Executive		
	Prof. Isaac Macharia	Non-Executive		
19. Family Bank P. O. Box 74145-00200 Nairobi Tel:- +254-020- 318173, 318940/2/7, Website: www.familybank.co.ke	Wilfred Kiboro	Non-Executive -Chairman	93	Deloitte & Touche
	David Thuku	Executive - CEO		
	Njunge Kamau	Executive –Director		
	Titus Muya	Non-Executive		
	Francis Mungai	Non-Executive		
	Lerionka Tiampati	Non-Executive		
	Prof.David Kimutai Some	Non-Executive		
	Ruth Waweru	Non-Executive		
	David Kimani Brian Kiondo Muyah	Non-Executive Non-Executive (Alt)		
20. Fidelity Commercial Bank P.O.BOX 34886-0100 NAIROBI Tel:+254-020-2242348,2244187 website:www.fidelitybank.co.ke	Esther Muchemi Rana Sengupta	Non-Executive Executive-MD	13	KPMG
	Sultan Khimji	Executive		
	Kabirdin K Khimji	Non-Executive		
	Karim Khimji	Non-Executive		
	Mayank Patel	Non-Executive		
	Sameera Nanji	Executive-DMD		

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
21. First Community Bank Ltd P. O. Box 26219-00100., Nairobi Tel- +254-20-2843000 -3, Website: www.firstcommunitybank.co.ke	Mohamed Hassan Ebrahim Varvani	Non-Executive -Chairman	18	PricewaterhouseCoopers
	Abdullatif Essajee K	Non-Executive		
	Mohamed Mbaye	Non-Executive		
	Fazal Mehmood Saib	CEO		
	Sumayya Athmani Hassan	Non-Executive		
	Jama Mohamed Issa	Non-Executive		
	Mussa Juma Assad	Non-Executive		
Abdulhamid Aboo	Non-Executive			
22. Giro Commercial Bank Limited P.O Box 13400-00800, Nairobi Tel: +254-20-4229000 Website: www.girobankltd.com	Chandan Jethanand Gidoomal	Non-Executive -Chairman	7	Deloitte & Touche
	Sanjay Prem Gidoomal	Executive -MD		
	Prem Jethanand Gidoomal	Non Executive		
	Carey Muriithi Ngini	Non-Executive		
	Bhanubhai Kalidas Patel	Executive -Fin Director		
	Mukesh Shantilal Shah	Non-Executive		
23. Guardian Bank Limited P. O. Box 67681 – 00200, Nairobi Tel: +254-020-2226771, 2226774, Website:www.guardian-bank.com	Dr. Maganlal M. Chandaria	Chairman	9 branches	KPMG Kenya
	Vasant K. Shetty	Managing Director	&	
	Hetul D. Chandaria	Executive Director	Head office	
	Bhavnish D. Chandaria	Non-Executive Director		
	Harban Rajesh Sahi	Non-Executive Director		
	Shantilal R. Shah	Non-Executive Director		
	Ajay Shah	Non-Executive Director		
	Dr. Samson Ndegwa	Non-Executive Director		
24. Guaranty Trust Bank (Kenya) Ltd P. O. Box 20613 – 00200, Nairobi Tel:- +254-20-3284000, 0703 084000, Website: www.gtbank.co.ke	Dhanji Hansraj Chandaria	Non-Executive -Chairman	15	PricewaterhouseCoopers
	Julius Olusegun Agbaje	Non-Executive		
	Ademola Odeyemi	Non-Executive		
	Nalinkumar Narshi Shah	Non-Executive		
	Hanish Dhanji Chandaria	Non-Executive		
	John Mark Wandolo	Non-Executive		
	Mary Kimotho M'mukindia Adekunle Bankole Sonola	Non-Executive Executive - Ceo		
	Victor Ezaga	Executive Director		
25. Gulf African Bank Ltd P. O. Box 43683 – 00100, Nairobi Tel:- +254-20-2740000, 2718608/9, Website: www.gulfafricanbank.com	Jamal Ali Al-Hazeem	Non-Executive -Chairman	14	KPMG Kenya
	Abdalla Abdulkhalik	Executive - Ceo		
	Ahmed Said Bajaber	Non-Executive		
	Mustafa Beg	Non-Executive		
	Thantalur Alaga Raja	Non-Executive		
	Admassu Yilma Tadesse	Non-Executive		
	Suleiman Said Saleh Shahbal	Non-Executive		
	Nawaal Mohamed Salim Shuja Sayed Ali	Non-Executive		

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
26. Habib Bank AG Zurich P. O. Box 30584 - 00100 Nairobi Tel- +254-20-341172/76/77, 340835, Website: www.habibbank.com	Mohammed Ali Hussain	Country Manager	5	KPMG Kenya
	Mohamed Arif	Local Mgt Cmtee		
	Arshad Mahmood	Local Mgt Cmtee		
	Iqbal H.Somani	Local Mgt Cmtee		
	S. Asad Mustafa	Local Mgt Cmtee		
	Simon K. Murigi	Local Mgt Cmtee		
27. Habib Bank Limited P. O. Box 43157 - 00100, Nairobi Tel- +254-20-2226433, 2222786, Website: www.hbl.com	Salman Malik	Local Mgt Cmtee	5	PricewaterhouseCoopers
	Aurangzeb Quadri	Local Mgt Cmtee		
	Grace Mbogo	Local Mgt Cmtee		
	Patrick Maina Mwangi	Local Mgt Cmtee		
	John Kasuvu	Local Mgt Cmtee		
28. Imperial Bank Limited P. O. Box 44905 - 00100, Nairobi Tel- +254-20-2874000, 343416 /12/17/ www.imperialbank.co.ke	Rukiya Abduljabber	Local Mgt Cmtee	25	PKF Kenya
	Alnashir Popat	Non-Executive -Chairman		
	Abdulmalek Janmohamed	Executive - Ceo		
	Anwar Hajee	Non-Executive		
	Vishnu Dhutia	Non-Executive		
	Jinit Shah	Non-Executive		
	Mukesh Kumar Patel	Non-Executive		
	Hanif Mohamed Amirali Somji	Non-Executive		
	Omurembe lyadi	Non -Executive Independent		
	Eric Gitonga Bengi	Non-Executive Independent		
29. I & M Bank P.O. Box 30238 - 00100, Nairobi Tel- +254-20, 3221000, +254 719 088 000 +254 753 221 000 Website: http://www.imbank.com	Christopher Agnelo Diaz	Non-Executive Independent	35	KPMG Kenya
	S. B. R. Shah	Non-Executive -Chairman		
	Maina Christopher Kihara	Executive - CEO		
	Sarit S. Shah	Executive		
	Sachit S. Shah	Non-Executive		
	Eric Munene Kimani	Non-Executive		
	Paul C. Mugo Kibati	Non-Executive		
	M. Soundararajan	Non-Executive		
Alice Nyambura Koigi	Non-Executive			

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
30. Jamii Bora Bank Limited P. O. Box 22741 – 00400, Nairobi Tel- +254-20- 2224238/9, 2214976, http://www.jamiiborabank.co.ke	James Mwangi Gacheru	Non-Executive	26	Deloitte & Touche
	Samuel Njuguna Kimani	Executive - Ceo		
	Samuel Mwamburi Mwale	Director		
	Lars-Alof-Hellgren	Non-Executive		
	Stefan Kaiser	Non-Executive		
	Timothy Mwaniki Kabiru	Executive -CCO		
	Mrs. Pamela Oburu Ager	Non-Executive		
	Lynn Meng'ich	Non-Executive		
	Paul Kavuma	Non-Executive		
	Cyprian Wekesa	Non-Executive		
	Richard Kiplangat	Non-Executive		
31. Kenya Commercial Bank P. O. Box 48400 – 00100, Nairobi Tel- +254-20-3270000, 2851000, Website: http://www.kcbbankgroup.com	Adil Arshad Khawanja	Non-Executive -Chairman	S. Sudan 18	KPMG
	Joshua Nyamweya Oigara	Executive - CEO	Uganda 17	KPMG
	Henry Rotich	Non-Executive	Rwanda 14	
	Tom Ipomai	Non-Executive	Burundi 3	KPMG
	Samuel Makome	Executive	Tanzania 12	KPMG
	Tom Ipomai	Non-Executive		
	Charity Muthoni Muya-Ngaruiya	Non-Executive		
32. Sidian Bank Limited P. O. Box 25363 – 00603, Nairobi Tel- +254-20- 3906000, 0711-058000-7 Website: www.k-repbank.com	Catherine Kola	Non-Executive		
	James Mworira Mwirigi	Non-Executive -Chairman	37	PWC
	Titus Muthua Karanja	Executive -MD		
	Donald Benedict Kipkorir	Non-Executive		
	Catherine Nimwanga Mturi-Wairi	Non-Executive		
	Albert Kimanthi Mutua	Non-Executive		
	Mary Ann Wambui Kirubi-Musangi	Non-Executive		
33. Middle East Bank Kenya Ltd P. O. Box 47387 - 0100 Nairobi Tel- +254-20-2723120/24, 2722879, Website: www.mebkenya.com	Tom Kariuki	Non-Executive		
	Akber Abdulla Kassam Esmail	Non-Executive -Chairman	4	PricewaterhouseCoopers
	Dhirendra Rana	Executive - Md		
	Anil Devchand Raja	Non-Executive		
	Nancy Naitore Kaminchia	Non-Executive		
Faith Kibowen	Non-Executive			
Tom Mulwa	Non-Executive			

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
34. National Bank of Kenya Limited P. O. Box 72866 - 00200 Nairobi Tel:- +254-20-2828000, Website: www.nationalbank.co.ke	Mohamed Abdirahman Hassan	Non-Executive -Chairman	74	Deloitte & Touche
	Lynette Mirehani	Non-Executive		
	Eng. Erastus Kabutu Mwongera	Non-Executive		
	Francis Lumasayi Atwoli	Non-Executive		
	Joseph Kimutai Kering	Non-Executive		
	C. S. National Treasury	Corporate		
	Managing Trustee, NSSF	Corporate		
	Willfred Musai	Managing Director		
	Jones Nzomo	Non-Executive		
35. NIC Bank P. O. Box 44599 - 00100 Nairobi Tel- +254-20-2888000, 2888600, Website: http://www.nic-bank.com	J.P.M. Ndegwa	Non- Executive-Chairman	25	PricewaterhouseCoopers
	F.M. Mbiru	Non- Executive- Vice Chairman		
	John Gachora	Executive		
	A.J. Dodd	Executive		
	F.N. Mwanzia	Non- Executive		
	A.S.M. Ndegwa	Non- Executive		
	I. Ochola- Wilson	Non- Executive		
	Michael Somen	Non- Executive		
	George Adams Maina	Non- Executive		
	Paras Vinod Shah	Non- Executive		
	Kairu Thuo	Non- Executive		
	Esther Ngaine	Non- Executive		
	Livingstone Murage	Group Company Secretary		
36. M-Oriental Commercial Bank P.O. Box 44080-00100, Nairobi Kenya Mob: 0722 209585 / 0734 333291 Website: www.morientalbank.co.ke	Shanti Shah	Non-Executive -Chairman	6	RSM Ashvir
	Mr. Jayesh Shah	Non-Executive		
	Mr. N M Shah	Non-Executive		
	Mr. Rupen Haria	Non-Executive		
	Jitendrakumar C. Patel	Non-Executive		
	Mr. Simon Gregory	Non-Executive		
37. Paramount Universal Bank P. O. Box 14001 -00800 Nairobi Tel- +254-20-4449266/7/8, 446106 /7, Website: www.paramountbank.co.ke	Anwarali Merali Padany	Non-Executive - Ag. Chairman	6	Deloitte & Touche
	Ayaz A. Merali	Executive - Ceo		
	Noorez Padamshi	Non-Executive		
	Mercy W. Kamau	Non-Executive		
	M.Mujtaba	Executive		

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
38. Prime Bank Limited P. O. Box 43825 – 00100, Nairobi Tel- +254-20-4203000/ 116 Website: www.primebank.co.ke	R. C. Kantaria	Chairman	18	Ernst & Young
	Bharat Jani	Executive Director		
	James N. Mungai	Managing Director		
	Shantilal K. Shah	Non-Executive		
	David Hutchison	Non-Executive		
	T.M. Davidson	Non-Executive		
	Amar Kantaria	Executive		
Mr. Jinaro Kibet	Non-Executive			
39. Standard Chartered Bank P. O. Box 30003 - 00100 Nairobi Tel- +254-20-3293000, 3293900, Website: www.standardchartered.com	Mrs. Anne Mutahi	Board Chair - Non-Executive	38 Branches	KPMG Kenya
	Lamin Manjang	Executive – Ceo & M.D	1 Sales and Service Centre	
	Kaushik Shah	Non-Executive	2 Agencies	
	Les Baillie	Non-Executive		
	Patrick Obath	Non-Executive		
	Catherine Adeya- Weya	Non- Executive		
	Ian Bryden	Non- Executive		
	Chemutai Murgor (Ms)	Executive		
Tejinder Singh	Executive			
David Idoru	Executive			
40. UBA Kenya Bank P. O. Box 34154 - 00100 Nairobi Tel-: +254-020- 3612000 /1 / 2 Website: www.ubagroup.com	James Olubayi	Non-Executive -Chairman	4	PricewaterhouseCoopers
	Isaac Mwige	Executive - Md		
	Kennedy Uzoka	Non-Executive		
	Prof. Olive Mugenda	Non-Executive		
	Emeke Iweriebor	Non-Executive		
	James Olubayi	Non-Executive		
41. Trans-National Bank P. O. Box 75840-004000 Nairobi Tel- +254-20-2224234/5/6, 2252188/90 Website: www.tnbl.co.ke	Dr. Henry Kiplangat	Non-Executive -Chairman	23	Deloitte & Touche
	Mr. Peter Kemei	Non-Executive		
	Mr. Andre DeSimone	Non-Executive		
	Mr. John Kenduiwo	Non-Executive		
	Mrs. Hellena Cheserem	Non-Executive		
	Prof. Daniel Rotich	Non-Executive		
	Mr. Sammy Lang'at	Executive - CEO		
42. Victoria Commercial Bank P. O. BOX 41114 - 00100 NAIROBI TEL.-: +254-20-2719499, 0709876000 Website: www.victoriabank.co.ke	Kanji D. Pattni	Non-Executive -Chairman	3 Branches	PricewaterhouseCoopers
	Yogesh K. Pattni Ph.D.	Executive - Md		
	Silvano O. Kola	Non-Executive		
	Rajan P. Jani (Alt. Yadav R. Jani)	Non-Executive		
	Ketaki Sheth	Non-Executive		
	Mukesh S Shah	Non-Executive		

BANKING INSTITUTIONS DIRECTORS AND APPROVED AUDITORS

NAME OF INSTITUTION	DIRECTORS' NAMES	Status	BRANCH NETWORK	APPROVED AUDITORS
43. Housing Finance Co. of Kenya P.O. Box 30088-00100 Tel- +254-20-326000, 3317474 Website: www.housing.co.ke	Steve Omenge Mainda Frank Ileri Sam Waweru Nicholas Ashford-Hodges Benson Wairegi Shilpa Haria Gladys Ogallo	Non-Executive -Chairman Executive -HF Group MD Executive - HFC LTD MD Non-Executive Non-Executive Non-Executive Non-Executive	24 Branches	

Kenya Deposit Insurance Corporation

CBK Pension House, Harambee Avenue

P.O. Box 45983 -00100

Nairobi, Kenya

Tel: +254 -020-6677000, 0709 043 000

Email: kdiccommunications@depositinsurance.go.ke

Website: www.depositinsurance.go.ke